

This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

+ *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.

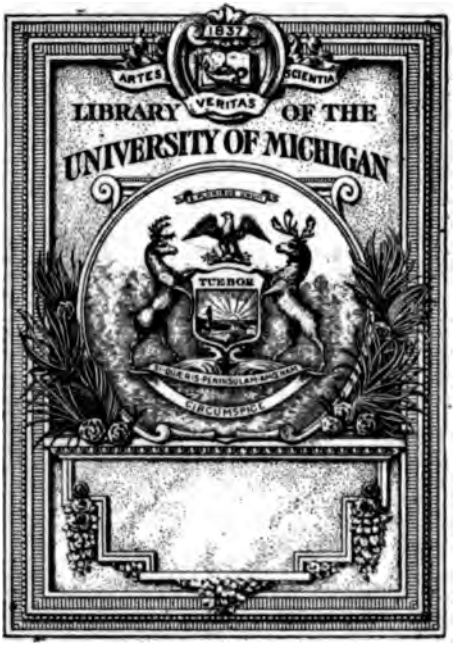
+ *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.

+ *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.

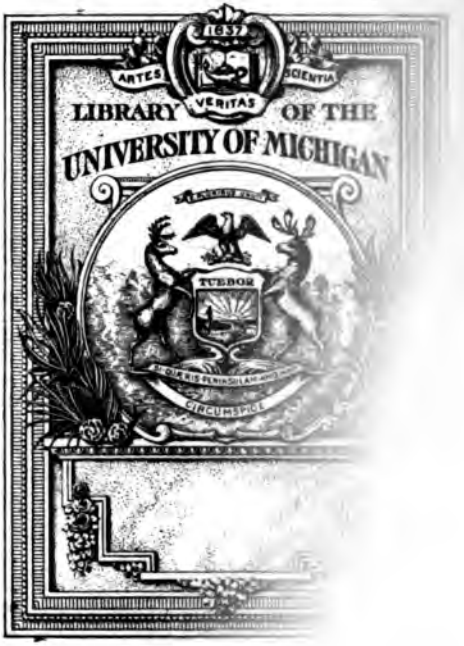
+ *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at `http://books.google.com/`


ARTES
SCIENTIA
VERITAS
LIBRARY OF THE
UNIVERSITY OF MICHIGAN
TUEBOR
CIRCUMSPICE

I 6
D24


1837
ARTES
VERITAS
SCIENTIA
LIBRARY OF THE
UNIVERSITY OF MICHIGAN
TUEBOR
CIRCUMSPICE

rcollegiate Debates

ING BRIEFS AND REPORTS OF
ANY INTERCOLLEGIATE DEBATES

HARVARD—YALE—PRINCETON, BROWN—
DARTMOUTH — WILLIAMS, MICHIGAN—
NORTHWESTERN—CHICAGO, INDIANA—
ILLINOIS—OHIO, AND MANY OTHERS

EDITED, WITH AN INTRODUCTION

BY

PAUL M. PEARSON
PROFESSOR OF PUBLIC SPEAKING, SWARTHMORE COLLEGE

HINDS, HAYDEN & ELDREDGE, INC.
NEW YORK CITY

Copyright, 1909, by Hinds, Noble & Eldredge

[redacted]

PREFACE

THE distinctive features of this book are apparent from the table of contents. Practically all the questions discussed in intercollegiate debates during the year just closed are here reported. Most of these have not been available before in any form that would be helpful to students in preparing for debates. As these are vital current issues, and will be generally discussed by schools and colleges for the next few years, this book should prove a valuable help. To secure the reports of recent college debates which make up this volume, has been more of a task than to have made briefs of the questions, but I believe the book will have a greater value in its present form.

As will readily be appreciated, I am under deep obligation to many persons for assistance in the compilation. The obligation is more than appears, however. At the outset, I found that almost no college preserves a full record of debates or of debating material. Consequently the work done by those who have secured reports for me has been difficult. They have had to collect material from many sources, and in some cases have had to reconstruct the debate from the most meager notes. Instructors in public speaking, in the various colleges have been generous with their time and good offices, and it is

363646

due to their coöperation that I have been able to secure the reports from students who participated in the debates.

In a brief Introduction I have dared to point out some of the weaknesses in our debates as at present conducted, and I have made some suggestions which I trust will serve those using this book, and who with me are interested in the betterment of this form of public speaking.

PAUL M. PEARSON.

Swarthmore, Pa.



TABLE OF CONTENTS

PAGE

INTRODUCTION vii

REPORTS OF INTERCOLLEGIATE DEBATES.

I. BANK NOTES SECURED BY COMMERCIAL PAPER.
Affirmative, University of Michigan 1
Negative, University of Michigan 17
References 34

II. FEDERAL CHARTER FOR INTERSTATE BUSINESS.
Affirmative, Princeton 39
Negative, Harvard 47
References 55

III. INITIATIVE AND REFERENDUM.
Affirmative, Ohio Wesleyan 67
Negative, Ohio Wesleyan 78
References 89

IV. A FEDERAL INCOME TAX.
Advantages 94
Disadvantages 99
References 107

V. ABANDONMENT OF THE PROTECTIVE TARIFF.
Affirmative, Washington and Lee 111
Negative, Johns Hopkins 120
References 123

VI. INJUNCTION AND THE FEDERAL COURTS.
Affirmative, Swarthmore 129
Negative, Swarthmore 132
References 137

VII. AN INHERITANCE TAX.
Affirmative, University of Michigan 141
Negative, University of Michigan 142
References 143

CONTENTS

		PAGE
VIII.	FEDERAL CONTROL OF RAILROADS.	
	Affirmative, Amherst	147
	Negative, Amherst	151
	References	159
IX.	RESTRICTION OF FOREIGN IMMIGRATION.	
	Affirmative, Illinois Wesleyan	165
	Negative, Illinois Wesleyan	177
	References	186
X.	ASSET CURRENCY.	
	Affirmative, Beloit	191
	Negative, Knox	195
	References	198
XI.	ARE LABOR UNIONS BENEFICIAL?	
	Affirmative, New York University	201
	Negative, Rutgers	211
	References	219
XII.	ARMED INTERVENTION FOR THE COLLECTION OF DEBTS.	
	Affirmative, Baker	223
	Negative, Washburn	233
	References	239
XIII.	EDUCATIONAL QUALIFICATION FOR SUFFRAGE.	
	Affirmative, Cumberland	243
	Negative, Chattanooga	250
	References	258
XIV.	THE CLOSED SHOP VS. THE OPEN SHOP.	
	Affirmative, Chicago	261
	Negative, Northwestern	264
	References	290
XV.	AN INCREASED NAVY.	
	Affirmative, University of Illinois	293
	Negative, University of Illinois	295
	References	297
XVI.	GUARANTEE OF BANK DEPOSITS.	
	Affirmative, Vanderbilt	305
	Negative, University of the South	312
	References	321
XVII.	A CENTRAL BANK.	
	Affirmative, Drake	325
	Negative, Drake	333
	References	341

CONTENTS

		PAGE
XVIII.	APPOINTMENT VS. ELECTION OF JUDGES.	
	Affirmative, University of Georgia	345
	Negative, Vanderbilt	350
	References	363
XIX.	THE PRESIDENTIAL VS. THE PARLIAMENTARY SYSTEM OF GOVERNMENT.	
	Affirmative, Dickinson	367
	Negative, Franklin and Marshall	368
	References	372
XX.	POPULAR ELECTION OF SENATORS.	
	Affirmative, University of Cincinnati	377
	Negative, University of Cincinnati	381
	References	386
XXI.	ANNEXATION OF CUBA.	
	Affirmative, St. Charles, Minn. High School	391
	Negative, St. Charles, Minn. High School	396
	References	401
XXII.	SHIP SUBSIDIES.	
	Affirmative, Bowdoin	405
	Negative, University of Vermont	420
	References	431
XXIII.	GOVERNMENT OWNERSHIP OF COAL MINES.	
	Affirmative, Colgate	435
	Negative, Rochester	448
	References	457
XXIV.	THE COMMISSION SYSTEM OF MUNICIPAL GOVERNMENT.	
	Affirmative, Dartmouth	461
	Negative, Pennsylvania State College	465
	References	476
XXV.	POSTAL SAVINGS BANKS.	
	Affirmative, Brown	481
	Negative, Dartmouth	487
	References	495

APPENDIX

Questions for Debate 499

INTRODUCTION

I. THE PURPOSE OF THIS BOOK.

WITH the rapidly growing numbers of school and college debates there is an increasingly urgent need of helps in preparing for these contests. With few exceptions the debaters are so inexperienced that they do not know what to prepare, much less do they know how to set about its preparation. Teachers and students alike need to know what debaters elsewhere are doing and how they go about their work. The demand seems to be for helps both in method, and in the collection of suitable material for debates. This book is compiled to meet such a demand. To the experienced debater these reports will be helpful principally in showing the lines of argument which other debaters have chosen. To him the list of references given at the end of each report will be a convenience rather than a necessity. But to the inexperienced debater the methods prove a guide, while the references will be an aid in his preparation, both convenient and indispensable. Moreover the reports will be even more helpful than if the material were put into the form of a brief. Here the student finds the line of attack and of defense which other students have chosen, and which he must consider in planning his own argument. In no instance, however, do these reports deter-

mine either the material or the best plan of argument. Some of the arguments are faulty, as the decision of the judges probably indicated, and one or two are absurdly weak. It is surprising that any college would allow the frothy bombast, characterizing one or two of these reports, to be used in any contest, at home or with another college. One student being asked for a list of the best references found in preparing his debate replied that he had used no books or other helps, that the question was one for argument. And what an argument his speech was! A fury of words.

The practice of debate is calculated to overcome the somewhat prevalent notion that the orator is but the figure at the fountain,— that he just spouts. Because the debater should know all that has been written about the question which he is to discuss, this book of helps will justify itself to those who are familiar with debating. Most of the reports show the students had read widely, had thought carefully, and best of all, had been concerned chiefly with reaching the conclusion by way of the evidence. To emphasize such methods is worth while.

II. QUESTIONS FOR DEBATE.

The questions discussed by college men in our day are much more worth while than those of twenty or more years ago, in that they are less academic, more timely, and more vital: moreover the discussion of these questions will surely help men to face confidently the cur-

rent problems that every college man should take some noble part in solving. The debates reported in this book cover practically all of the questions discussed in colleges during the year just closed. They are all current problems in which the nation is interested. A wide correspondence with colleges shows that the most discussed questions during the year were,— probably in the order named, the commission system of government, a federal charter for interstate business, the postal savings bank, the abandonment of the protective tariff, an increased navy, and various phases of currency and bank reforms. These were questions growing out of the presidential campaign, and the financial panic of the year before, but most of them are still unsettled, and are likely to be widely discussed for several years. While we have gained much in thus discussing current questions, it may be doubted whether we have done well in practically excluding all other kinds of questions. Many debate organizations taboo all questions other than the political and social problems of immediate national interest. And yet no more thorough intellectual discipline can be gained by any man than that secured through the wide reading, the clean-cut reasoning, and the direct oratory required to present effectively many unsettled questions of science, of history, and of religion. Besides these there are many questions of peculiar interest to the college world, a free discussion of which would make an excellent debate and would help formulate public opinion. In the central west the question of co-education versus segregation is especially timely to-day: indeed it is at once op-

portune and critical, even apart from its political, its economic, or its social features. And what a spirited, informing, and helpful discussion would result from an inter-collegiate debate on the fraternity chapter houses, formulating the question after reading Professor McDermot's article in the Delta Upsilon Quarterly for March, 1909, and reprinted in several fraternity magazines. The purpose of debate should be to influence and to secure correct opinion, to help the audience to reach a just decision, or at least to formulate true ideas on the question under discussion. Debating some such questions as these just named college men will speak with much more authority than they can on the tariff, or on the banking question; and audiences will be much more interested in these questions of college affairs. It is quite worth while for our best colleges to debate such questions, both for the mental and moral discipline students secure to themselves in formulating their own opinions on grave issues, and for the common good that inevitably results from lofty public discussion. Is it not desirable to bring speakers, themes and audiences together? Much is to be done along this line which will result in better debates,—more spontaneous, more genuine, more convincing. To be sure the questions now almost universally debated have a positive value which I do not seek to discount, but their study is too purely academic. We will gain much by including in the curriculum of discussions questions that affect the personal and the college life of students.

III. PREPARATION AND ARRANGEMENT OF THE MATERIAL.

A single essay, a poem, or a play may furnish sufficient inspiration and subject matter for an oration, but the debater who limits his reading to even a few articles is doomed in advance to a defeat deserved. The well equipped debater must read or have reports from his colleagues on everything that has been written on the subject, the arguments for, as well as those against the proposition. The necessity of reading so much matter makes it essential that the reading be done rapidly, yet thoroughly; hence, the arguments, statistics, and illustrations must be systematically recorded and minutely indexed for the use of the whole team or of the debating squad.

The first step is to secure a complete list of references. This can be done by the co-operation of such helps as this volume. *Briefs for Debates* by Brookings and Ringwalt, and *Briefs on Public Questions* by Ringwalt, have excellent reference lists, prepared with painstaking thoroughness. The division of bibliography of the Library of Congress has lists of references on many questions. *Poole's Index,* the *A. L. A. Index,* and many other finding-lists are in most libraries.

The list of references being secured the reading should be divided judiciously among those preparing for the debate; let these meet frequently to discuss the material, to exchange views and to record the results of their reading. The most practical record is the card index now generally used in colleges where preparation

for debate is thorough. Each student is provided with cards of uniform size on which he records the principal arguments, illustrations, and all other important material, a single item on each card, with the exact reference to volume and page. From these cards the brief is made, the cards then being placed under heads and subheads indicated by division cards. The card index makes all the material readily available to any student, a special convenience in rebuttal since the cards are at hand for any reference.

IV. PREPARING THE ARGUMENTS.

The reading being done, the material arranged in easily accessible form, and the brief logically constructed, the next step is to prepare the speeches. The commonest method is for the members of the team to write out their speeches on that part of the brief given them for discussion. This generally results in a somewhat stiff debate that neither convinces nor interests the audience. A better method is to have the student write his principal points in orderly arrangement on cards, with the heads and the subheads of his discussion. With these in his hand let him talk to an audience imagined as in his room. By frequent repetition he will come to present his material in a convincing manner and within the required time limit. In this way the student escapes the dangers of a committed speech, though he comes finally to use about the same words in presenting any given point of his argument. A few cards, containing

only the principal points may be held in the hand, or may be kept in the pocket for reference on the night of the debate. In practice it is found that this method provides better discipline for the student, and produces a more spontaneous, and thus a more interesting and effective result. It is hardly an exaggeration to say that most debates consist merely of six orations on the proposition, no speaker regarding what his opponents say until the rebuttal. This is certainly not the spirit of genuine debate and the method should be discontinued. What a relief it is to come upon a real give-and-take argument, like that between Chicago and Northwestern Universities, a report of which is given in this volume. The stenographic report which the editor had the pleasure of reading, shows that the second speaker replied immediately and fully to the arguments of the first speaker, the third replied to the second, and so on through the entire debate. This resulted in some repetition, but it added so much to the essential qualities of genuine debate that repetition can be easily forgiven. When the debaters are thoroughly prepared, not only with material, but in practice in presenting that material, as they evidently were in the debate just cited, the contest becomes a real debate. Most contests, except the short time given to rebuttal, are debates in name only.

To be sure each member of the team must have a definite part of the argument to present, which he can maintain against attack, so that he alone is best prepared to meet certain arguments presented by his opponents, and yet no speaker but should find something

in the preceding speech to which he can reply. After the first speech no speaker should begin without reference to the preceding speech. If it is no more than to say "the argument of the gentleman who has just spoken will be met by our third speaker," he should say that much. The audience and the judges should not be left to think that the previous argument is unanswerable, or that the speaker has not listened to it, or that the opposing team is not prepared to meet the contention. But if a student has a set speech, timed to the second, how can he crowd in even so much as the sentence suggested above, to say nothing of refuting his opponent's arguments? Next to the unwarranted coaching in some colleges, where the debate becomes little more than a contest between the two faculties, or the faculty and students of one college against the students of another college, the committed and practiced speakers are the greatest evil in debate methods.

V. ORDER OF PRESENTING THE MATERIAL.

A common fault of many debates is that the first speaker covers the ground of discussion, and his colleagues only mark time. There is a furious scattering fire at the first round, though but little execution, with the result that the smoke is not cleared away by the time the last speaker has finished. It is not uncommon for teams to put their least experienced and least effective member first. Rather they should give the first speech to the member who is best qualified for clearly

setting forth the proposition. The first speaker has the best opportunity for a favorable hearing for his team. Should there be a popular prejudice against his side of the proposition the business of the first speaker should be to win his audience by an appeal to fair play and by other persuasive devices. Also the business of the first speaker is to eliminate irrelevant material, to concede graciously to the other side whatever is immaterial to his own, and to clearly state the points at issue as his team wishes them understood. Instead of covering almost the entire field of argument as too many do, the first speaker should prepare the way for those who follow: if there is time, and usually there is, he may begin the discussion. In some of the reports in this volume it will be noted that the second and third speakers do not advance the argument. Though they declare they will prove a certain part of the proposition, which part they state, they only repeat the argument already given, often using the same proof. In many such instances there is nothing else to be done, for the first speaker has scattered himself over the entire field of the argument. It would seem to go without saying, yet observation shows that it needs to be often repeated, that students should brief the material carefully: then assign to each member of the team the arguments which he is to present, since he is best qualified to present, and then to insist that he hold to that division, elaborating, illustrating, and in every other way making his own argument distinctly effective.

Another common fault in debates is that too much

time is given to discussion of unimportant points. The audience,— not even the judges, can remember many points. The issue should be made clearly and on one or two fundamental points; if possible the other side should be forced to meet the issue on the ground selected, and at the very first onset to face the strongest arguments. If one cannot concede certain points to the other side let him show that these are unimportant as compared with the one or two vital points at issue. A somewhat prevalent method of affirmative argument in reform questions is to spend the first speech in showing the evils of the present conditions, evils which the negative often admit in their first sentence or two. Here the better plan of the affirmative is to proceed at once to the constructive argument, which is the vital point, to spend most of the three speeches on this argument, and to force the negative to meet that position. It is better to spend the entire time of the debate in establishing the most vital point at issue, than to attempt the proof of all the points. Few of the questions chosen for debate can be discussed thoroughly in the time allowed, so that for good debating the problem is always one of choosing the most essential point or a few points. It is folly to attempt to include all the points: victory as well as good debating demands that the teams concentrate on a few points. It would be a decided gain if teams arranged to exchange briefs before the debate, after which certain points would by mutual agreement be eliminated from the discussion.

VI. CONVICTION AND PERSUASION.

Those who control the college debates wish their teams to win, as they should, and remembering that most judges are men trained to think accurately they insist that the debaters shall make up their speeches largely of facts, figures, citations, and arguments. For the purposes of conviction this may be good method, but the literary and formal result is little more than a spoken brief. It makes the debates rhetorically colorless,— logically realistic, it may be, though less picturesque and less interesting to the audience, and probably lessens the chances for a favorable decision from the judges. Most of the men chosen to judge college debates are accustomed to think more than superficially on all great questions, and yet even these men often are more susceptible to persuasion than to conviction. Moreover, there is a subtle, indefinable, yet none the less discernible and effective influence which the audience has upon judges. The audience is much more easily persuaded than convinced, and their attitude toward the speaker always registers itself in a favorable impression on the judges. Though there may be no open approval of the speaker, yet the attention given him, the silent approval which his appeal meets in the minds of his listeners is calculated to go far in winning a favorable decision. It matters not that the speech is such as the lawyer or jurist who is acting as a judge in the debate would not accept as the most cogent presentation of the facts in the case, he is influenced more or less by the effect

of the speech on the audience. It is wise, therefore, to work less for the judges directly, and to aim to win the audience. An apt illustration, a story, a witticism, a figure of speech will go far to secure this result. How few such effective elements do we find in college debates! Most of them are over-vehement in rebuttal, but in the first speeches they are generally monotonous with statistics, half-digested arguments, vague references, and oft repeated generalities. Most of the debaters have more than a superficial knowledge of the question under discussion, yet few of them are persuasive. To change this is not to adopt the florid oratory so characteristic of the college orations of a dozen years ago, and which still survives in some quarters; it is only necessary to make the facts remembered. The trouble seems to be that the students feel so heavily the burden of material they have gathered that they misjudge the relative importance of the facts, and the correct order of their most efficient presentation. Most students work hard enough in preparing material, but few give sufficient time to make that material vitally effective in speaking.

Consider the situation more closely. The student has had already some instruction in the theory of oratory, and has doubtless studied with care a few great forensics. In them he sees that the master of argument, in the opening part of his speech employs considerable time and his utmost skill in establishing with his audience a tionship of mutual interest and confidence, in win- favorable consideration for the question he is to in removing prejudices that any considerable

number of his hearers may have regarding the question at issue; in eliminating all irrelevant points likely to be met in the discussion, and in eliminating also all items that are admitted by both sides. All this may take a third of the time of the speech, but it is essential, so he does it. As the student analyzes such a forensic he recognizes how effective is the treatment. But when he gets well into preparing his own speech for debate, he is so impressed by the many arguments, by the mass of figures, and by the quantity of material he found in reading, that his preparation results in an exercise in putting all the material possible into his speech. So he unloads on the audience his entire notebook. True he has arranged most of his speech so that parts belonging together are presented together, but there is little done to make the matter logically and systematically effective.

How often one sees the following method. The first speaker plunges into the debate immediately after the formal, "Ladies and Gentlemen, Honorable Judges, Worthy Opponents. The question for debate to-night is—" This salutation over he begins to throw arguments at his "worthy opponents." The audience is not taken into consideration. In many cases the audience does not even understand the question; certainly they do not know the points at issue. Certainly the audience have never read all the articles listed in "Poole's Index" as have the speaker and his "worthy opponents"; whereas, the audience should be led up to a consideration of the question; they should be made to feel that

it is of vital importance to them personally and even individually. Few college debaters do this, and it is not too much to say that few people leave a college debate with a comprehensive or even a general knowledge of the question discussed. Is not this the general situation? The audience listening politely to the first round of speeches, while waiting expectantly for the rebuttal: here they will see living and contending powers; here they will enjoy seeing the "worthy opponents" go at each other with spirit though possibly not with sufficient knowledge of the real points at issue to clear up the multiplied assertions and contra-assertions. This may make an enlivening spectacle but it is not effective and worthy debate.

VII. REBUTTAL.

As most debates are now conducted the rebuttal speeches only muddy the waters. They are generally the most spirited speeches of the debate, and thus add interest for the audience, but they are not always given in the best humor, and they seldom add anything to the merits of the discussion. Too often the rebuttal is little more than "honorable judges we have unquestionably proved this, and this, and this, while our worthy opponents have proved nothing The first speaker on the affirmative asserts that '—'; I can only repeat what I said in my speech." Such empty talk is frequently the result of little preparation, but generally it is given because the speakers have not sufficiently analyzed the

question. Essential and non-essential points are so confused that much time is spent in replying to statements that are not worth noting. Most of the time in preparing a debate is given to the first speeches, which are carefully written, and highly polished, and then much attention is given to careful memorizing and to graceful delivery. Preparation of the first speeches should be thorough, but it is easy for men to grow stale in training to deliver them. However, the very spirit of debate is to be maintained, and victory is to be secured only by a thorough preparation for rebuttal. Refutation should not be left entirely to the rebuttal speeches. As every current writer on argumentation from Baker down, insists, most of the refutation should be introduced at the time the damaging argument is presented. To do this a speaker must often depart, for a time at least, from the speech he has prepared.

To improve the rebuttal it is necessary first of all that students understand and respect the difference between an oration and a debate. All the treatises on argumentation clearly set forth what an argument is, but too few students study any text on the subject. In every college the oration is the traditional, recognized, and popular form of public speaking, so that it must be urged with considerable insistence that an oration, as most students think of it, and a debate, have very fundamental differences. May it not be wise as a corrective measure to give more time to rebuttal and less to the first speech? Instead of the first speech being given twelve of the seventeen minutes allowed each speaker

it may be best to divide the time more evenly, giving say eight or nine minutes to the first speech and the rest to rebuttal. This would emphasize the importance of rebuttal, and probably would make a difference in the students' method of preparation. As every follower of debate knows victory usually goes to the team presenting the best rebuttal. To be sure, victory is only incidental to the debate, but it is a very proper and stimulating incentive. In as much as rebuttal generally brings out the true spirit of a debate more than does the set speech-making of the first round, this incentive would seem to be a very practical element in securing the essential thing.

VIII. DELIVERY.

It is perhaps not too much to say that in most debates too much immediate attention is given to delivery. Training in this method of presentation should be given before the speaker has definitely prepared what he has to say on the night of the debate; otherwise the delivery will seem too graceful, too elaborate, too precise, for the direct address required in debate. In this matter those who are supervising the preparation of students for the contest are often seriously handicapped. Men who have had no instruction in elocution,— in articulation, in pronunciation, in voice management, in gesture, and the like, often qualify for the debate team. To give such men effective form in delivery in two or three weeks' time, is a hard problem. It is difficult at

best, but the wiser way is to coach them on something else beside the speeches they are to deliver. Many instructors will doubtless dispute the wisdom of this method, but the suggestion is made after considerable experience and observation, and is given for what it is worth. Delivery is not to be under-estimated. It is important, often very important, and too much attention cannot be given to it if given at the right time and in the right way. In reading the reports of debates in this volume one is sometimes surprised at the decision. The speeches which read best, which have the cleanest-cut argument, and which show the best understanding of the vital points of the discussion, do not always win the debate. This is sometimes due, no doubt, to ineffective delivery. Whatever can be done to make the delivery pleasing and forceful is effort well bestowed, but these qualities must not rob the speaker of directness and spontaneity in his address.

IX. THE JUDGES.

"If you want to win a debate give your attention to getting the right sort of judges: that is more important than stuffing your debaters with arguments." There is just enough truth in this cynical comment to make one think. It seems impossible to get a decision other than on one side of certain questions. In the Harvard-Yale-Princeton debate this year the question concerned a federal charter for interstate commerce. In all three debates the decision was for the negative. It is unlikely

that the negative team in every case presented a better debate than did the affirmative. In each board of judges there was one professor of economics, one professor of law, and one state supreme court justice. In the Dartmouth-Brown-Williams debate, where the postal savings bank question was discussed the decision in all three debates was for the affirmative. In the Tulane-Virginia-North Carolina contest, where the postal savings bank question was in debate the decision was also for the affirmative in the three debates. In the Michigan-Northwestern-Chicago debate on the proposition that bank issues secured by commercial paper are preferable to those secured by bonds, the negative won all three contests. Some will say that in the statement of the proposition it is sometimes next to impossible for any but one side to win. Others will doubtless contend as does the critic quoted at the beginning of this paragraph, that it is impossible for judges to decide on the merits of the question.

There is a more hopeful view however, and a fairer one, doubtless. In their triangular debate Michigan University has won both sides by unanimous decisions for the three years before the last debate; one of these debates was on the federal charter for interstate business, a question which received only negative decisions in the Harvard-Yale-Princeton debate. The University of Pennsylvania has for three years won both sides in their debates with Columbia and Cornell. Their debate this year was on the abandonment of the protective tariff, a question on which all thinking men have definite

opinions. If the merits of the question always decide the debates as the cynics say, Pennsylvania could hardly have won both sides of that question.

Rather than attribute the decision of judges to their prejudices it is more within the probabilities to say that a decision apparently given on the merits of the question is no doubt due to the failure to make clear to the judges that the decision is to be rendered solely on the arguments presented. Unless judges are impressed with the fact that the merits of the question are not to be considered in making a decision they are seldom on guard against their prejudices. A provision in the Pennsylvania-Columbia-Cornell debating league is to the effect that there shall be printed in the programs for each debate: "The award shall be made on the merits of the argument as presented in the debate, and not upon the merits of the question." Such explicit instruction should be given to the judges, and made duly impressive. This will do much to prevent unfair decisions.

Another suggestion should be made in this matter. Even in some of the older colleges the judges of debate are asked to consult before announcing their decision. This often results in long and embarrassing delays, as when Grover Cleveland in presiding at a debate was forced to wait an hour and twenty minutes before an impatient audience, while the judges were in consultation preparing their decision. It often happens that one man of more reputation, or of more obstinacy, or of more persuasive speech wins the other judges from their conviction. The more practical and the fairer plan

is to ask each judge to write *affirmative* or *negative* above his name, put the decision in a sealed envelope and deliver it to the presiding officer.

X. RECORD OF DEBATES.

After months of faithful work students seldom have any records of the debate to show for their labor. This seems an unnecessary loss to the men themselves, to the student body, and to the college world. In collecting material for this book it has been found difficult to secure adequate reports from most of the colleges. To the request for reports most of the students replied that they had hardly a scrap of any kind relating to the question debated, and that the college papers had published little more than a formal statement of the result. When the matter has been brought to their attention some debating unions have recognized the waste and resolved hereafter to keep records of all inter-collegiate debates. With the card index system described in section three of this introduction it is an easy matter to file all the debate material in the library, where it will be easily accessible for inter-society, and inter-class debates, and where it may be had for exchange with other colleges preparing on the same question.

XI. ORGANIZING FOR INTERCOLLEGIATE DEBATES.

The most popular plan for intercollegiate debates is the round-robin, or triangular organization. This has

been evolved from various other plans, and is favored by nearly every teacher who knows the different systems that have been used. The fact that the triangular plan is used in the Harvard-Yale-Princeton, Pennsylvania-Columbia-Cornell, Dartmouth-Brown-Williams, Michigan-Northwestern-Chicago and many other debates is proof of its excellence. There are still many debates conducted on the dual plan, and one or two on the quadrangular plan, but both these are rapidly giving way to the triangular. The organization varies in some of the details, but the essential points are as follows: The debate organization of three colleges each elects one representative of an executive committee which arranges for all debates. These debates are held each year, all on the same night, and upon the same question, one debate at each college. Each college prepares two teams, one to support the negative, and the other the affirmative of the question chosen for debate. The visiting team upholds the negative. The schedule of debates is arranged thus: In 1910, at Cambridge, Harvard affirmative, Princeton negative; at New Haven, Yale affirmative, Harvard negative; at Princeton, Princeton affirmative, Yale negative. In 1911, at Cambridge, Harvard affirmative, Yale negative; at New Haven, Yale affirmative, Princeton negative; at Princeton, Princeton affirmative, Harvard negative. In 1912, the same schedule as in 1910.

The question for debate is chosen from questions submitted to the secretary of the executive committee by the three colleges. Each college submits two questions

before the fifteenth of October. These six are voted upon, each college indicating a first, second, and third choice. In the order of their choice the questions are marked three, two, and one points, and the question receiving the largest total number of points is declared the choice. In case of a tie vote a second vote is taken.

Each team consists of three members and one alternate. Each debater has two speeches, one of twelve minutes, and a rebuttal speech of five minutes. Only undergraduate students who are candidates for a degree are eligible for the team.

There are three judges who are instructed to decide on the arguments rather than on the merits of the question. Each judge is to decide for himself what constitutes effective debating, and without consultation is to give his written decision in a sealed envelope to the presiding officer. The judges are chosen in some such way as this: the visiting college sends to the home college a list of twenty or more names from which the home college will secure three judges.

XII. THE MICHIGAN DEBATE.

In reporting the Michigan debate the plan to give a synopsis of speeches is deviated from in order that students may have the complete debate of one of the most important intercollegiate contests. Because of its record in victories Michigan University is chosen. Of the thirty-four debates in which Michigan has participated she has won twenty-four victories, four of the five with

Wisconsin, three of the four with Minnesota, three of the four with Pennsylvania, six of the nine with Northwestern, and eight of the twelve with Chicago. Since the organization of the Central Debating League, composed of Michigan, Northwestern, and Chicago, there have been twenty debates, in fifteen of which Michigan has won the decision. Such a record is possible only because of the careful trying-out with which debaters are chosen for the teams, and the thoroughness with which the debaters must prepare. The schedule of inter-class and inter-society debates clearly determines the men who are best fitted to represent the University. Following is the plan by which the men are tried out. The preliminaries for the Cup Debates must be off by early April. The Inter-Society Debates are held the latter part of the same month, the Adelphi-Jeffersonian on one night, the Webster-Alpha the following night. The finals of the Cup Debate are then held a month later. In the fall the society preliminaries for the Central Debating League must be off by the last of October. The Inter-Department debates are held in November, when the teams are chosen for the debates with Northwestern and Chicago to be held in January.

Any debate presented by men thus chosen, representing a college with such a record for victories will be profitable reading for students.

BANK NOTES SECURED BY COMMERCIAL PAPER

I

BANK NOTES SECURED BY COMMERCIAL PAPER[1]

For reasons given in the Introduction the entire speeches of the University of Michigan debates are printed. The question in the Central Debating League is given below. The speeches printed are those of the affirmative Michigan team against the University of Chicago, and the negative Michigan team against Northwestern University. Michigan lost to Chicago and won from Northwestern. All three negative teams won. Resolved, That bank issues secured by commercial paper are preferable to those secured by bonds.

FIRST AFFIRMATIVE, ARTHUR J. ABBOTT, UNIVERSITY OF MICHIGAN.

The measure for our consideration this evening is a vital, present day problem; one which has engaged the attention of our financiers ever since the passage of the National Banking Act in 1863. This enactment, which promulgated our bond secured bank note system has subjected the United States to an unparalleled era of financial disaster. The bond secured system was advocated by Secretary Chase primarily for the purpose of providing a market for national bonds. As a result, we have to-day a currency founded not upon business but upon bond speculation.

[1] The speeches of this debate were prepared for publication by Arthur J. Abbott.

No other nation in the world has bond-secured bank notes, and no other nation ever did have such a currency except Japan, who copied it from the United States only to discard it in favor of a currency secured by commercial paper. We believe, then, that we should take a lesson from our competitors in the world of commerce, and provide a currency which will surely and automatically respond to the demands of commerce.

President Garfield once said, "No currency can meet the needs of this nation that is not founded on business." We believe, then, that the true solution of our currency problems lies in the coördination of our bank note circulation with the business of the country, and with this object in view, we advocate the adoption of a bank note system secured by commercial paper.

Commercial paper, as interpreted in the recent debates of Congress, consists of notes, drafts, and bills of exchange, arising out of actual commercial transactions. Briefly stated, it constitutes the circulating assets of a bank. It consists mainly in short-time notes which banks discount for mercantile concerns to enable them to take advantage of discounts in paying bills; also in notes and drafts which banks discount for creditors to enable them to realize immediately on commercial transactions. Professor Laughlin, of the University of Chicago, on the Report of the American Monetary Commission, says of commercial paper, "It is based on and secured by the best business of the country, . . . and in the aggregate there can be no safer security for the issuance of bank notes, than that afforded by the

combined commercial assets of the issuing bank."

We favor commercial paper bank issues, then, (1) Because they possess greater elasticity than issues secured by bonds. (2) Because they are absolutely safe, and (3), because they are practicable.

Now as to Elasticity: it implies two things. (1) The ability of a currency to expand in response to the demands for additional circulation, and (2), the power to contract when this demand has disappeared.

It is important to note at the outset that bank notes and bank deposits are the only elastic constituents of our entire currency system. Professor Laughlin says, however, that there is no difference in principle between bank deposits and bank notes. Bank deposits, subject to check are used in the thickly settled states of the East, while bank notes are the universal credit medium of the sparsely settled Western States. Bank deposits, however, are secured by commercial paper, and we would like to ask the gentlemen to tell us why it is that we should secure bank deposits by commercial assets and thus discriminate against bank notes by requiring them to be secured by bonds.

Now, our monetary history since 1863 has shown that expansion and contraction of bond secured bank notes are dependent on bond speculation. This is caused, (1) by requiring the banks to invest their loanable capital in bonds, (2) by fluctuations in bond premiums, and (3) by periodic variations in the commercial rate of interest.

The result of requiring bankers to invest their capital

in bonds was evident in the conditions preceding the panic of 1907. Financiers are agreed that this panic was precipitated by the enormous demand in October for funds to move the harvests. Owing to the great expansion of credit in 1907, the banks could not meet this demand, except by what is commonly known as the "Panic Method," i.e. by contracting loans and thus creating distrust on the part of the public. For this situation our bond secured bank note system afforded no relief. In order to secure the required expansion of our bank note circulation in 1907, approximately $250,000,000 must have been invested in bonds. This requirement rendered expansion impossible because the investment of this enormous sum would have curtailed credit to the extent of $1,000,000,000. But if the banks of this country had been able to issue bank notes secured by their own commercial paper the demand for harvest moving funds would have been automatically supplied, and in the opinion of financiers the panic of 1907 would have been greatly alleviated if not wholly prevented.

Ladies and gentlemen, if our opponents question this statement, let them remember that the Dominion of Canada in 1907, with a bank note system based on commercial paper, not only had no panic, but actually loaned money to the panic-stricken banks of the United States.

(2). The influence of fluctuation in the price of bonds on expansion and contraction is reflected in all our monetary history since 1863. Two examples are sufficient to illustrate this. From 1882 to 1891, the price

of bonds increased from one hundred and twelve to one hundred and twenty, which made our bank notes so unprofitable that the circulation actually contracted from $365,000,000 to $125,000,000. After 1890, according to the report of the Comptroller of the Currency, the price of bonds fluctuated steadily downward, with the result that our circulation more than doubled in the next ten years. Now, these illustrations all point to but one conclusion; that bond secured bank notes bear no relation to the demands of commerce, but vary in volume according to the price of the bonds themselves.

(3). Still another factor in causing unnatural expansion and contraction of bond secured bank notes is the periodic variations in the commercial rate of interest. To illustrate — last June, when the demand for loans was slight and funds were accumulating in the banks, the average rate of interest on commercial paper was three and one-half per cent. This low rate of interest made it profitable for the banks to buy bonds and issue bank notes, with the result that our bank note circulation, at the very time when contraction was most needed, actually expanded, thereby causing an enormous inflation of the currency. It was this inflation, due to lack of contraction in bond secured bank notes, which, in the spring of 1907 encouraged that speculation and over-expansion of credit which was the primary cause of the panic of that year. Last November, however, the harvest moving operation created a great demand for money, and the rate of interest advanced to eight per cent. This made it unprofitable to invest in bonds, with the

result that our bank-note circulation, at the very time when it should have expanded over $250,000,000, actually contracted $33,000,000: It needs no further comment to show that such a system of bank notes works at cross purposes with the needs of the nation. It expands when it should contract, and contracts when there is need for expansion.

These defects are inherent in all classes of bonds, whether national, state, country, municipal or corporation, thereby rendering the elasticity of bond secured bank notes dependent, not on the demands of commerce, but upon speculation and gambling in the bond market.

But none of these objections apply to bank notes issued on the security of commercial paper. A commercial paper system does not require the bank to tie up its capital in bonds, nor is the bank note volume gauged by extraneous influences such as fluctuations in bond premiums or variations in the rate of interest. The removal of these obstructions renders the issuance of bank notes more profitable thereby giving bankers a greater incentive to issue notes to meet temporary demands. The experience of other nations, especially Canada, shows that the commercial paper created by the harvest moving operations coördinates the bank notes based upon it with the activity of business, as represented by the commercial paper thus created. Thus in Canada, during the harvest moving season, there is an automatic expansion of twenty-five per cent to thirty per cent in the volume of the bank note circulation, while in the United States our

bond secured circulation remains fixed and wholly unresponsive to the demands of commerce.

The contraction of bank notes secured by commercial paper is assured by the fact that motives of profit invariably prompt each bank to make room for the circulation of its own notes by sending the notes of rival banks home for redemption. This insures the prompt retirement of every note not actually required for the conditions of trade and thus prevents that inflation which leads to panics in the United States. Thus in Canada, at the close of the harvest moving season when money becomes abundant, there is an automatic contraction of twenty-five to thirty per cent in the bank note volume, while the bond secured circulation of the United States not only fails to contract *but* often expands when contraction is most needed.

Now, ladies and gentlemen, we have endeavored to show that bank notes secured by commercial paper are preferable to bond secured issues because they are more capable of adjusting themselves to the fluctuating demands of commerce. We have pointed out the identity of bank deposits and bank notes and ask our opponents to explain why we should discriminate against bank notes by requiring them to be secured by bonds. You have seen that the elasticity of bond secured bank notes depends on bond speculation, which is caused, by requiring the banks to invest their capital in bonds, by fluctuation in bond premiums, and by variations in the commercial rate of interest. And, finally, we have

shown that bank issues secured by commercial paper, being coördinated with the demands of business, possess the power of automatic expansion and contraction, thereby rendering them a powerful factor in the promotion of a nation's trade and commerce. For these reasons then, we ask for the adoption of the resolution.

SECOND AFFIRMATIVE, RICHARD E. SIMMONDS JR., UNIVERSITY OF MICHIGAN.

My colleague has already shown that commercial issues are perfectly elastic; that they are founded upon actual transactions of business, and that they expand and contract to meet the demands of commerce. He has pointed out that bond-secured issues are inelastic, depending for their elasticity not upon the demand for money but upon speculation and gambling in the bond-market.

The opponents of this measure would have us believe that we must not procure elasticity at the expense of safety, and in this we heartily concur. We agree that a currency must be absolutely sound. Every dollar must be as good as gold. Canada under the system we propose has had security, as well as elasticity for forty years. The United States has had a bonded system less than fifty years, and for nineteen years of this her notes circulated below par, sometimes as low as thirty-five cents on the dollar.

Let us now look at the comparative safety of the two systems — first, from the standpoint of the note-

holder, and second, from the standpoint of the public at large.

Under the commercial system the country would be divided into districts, each containing a National Banking Association of not more than two hundred separate banks of issue. One bank in each association, not more than twenty-four hours from every other bank, would serve as the central bank of Redemption — rendering daily redemption an easy task. This would secure for the notes ready convertibility into gold, and make it impossible for them to circulate below par.

Each Banking Association, subject to Federal supervision, has the complete regulation of its issues. A bank desiring to issue notes deposits with the Association commercial paper — and issues thereupon a certain regulated amount of its face value. These notes are issued under the absolute and immediate guaranty of the United States — giving to them all the security which the credit of a great government can furnish.

This will work no injustice to the Government, for the Government is in turn adequately secured. First, the Banking Association guarantees every note issued by its constituents. These Associations can no more fail than the Government itself. Furthermore a tax of two per cent may be levied upon all note issues, this tax to be deposited at Washington until five per cent of the average note circulation is reached. This is to serve as a guaranty fund for the notes, preventing them from depreciating in the hands of the holder, five per cent interest being paid upon the face of the note, from the

date of insolvency to the day of redemption. This guaranty fund has never been called upon in Canada. Their depositors have never lost a single dollar, and not one note has ever been refused payment. A tax upon her notes-issues of less than one-eighth of one per cent would prove sufficient to make up the entire loss occasioned by the banks, to all creditors, both noteholders and depositors; while in the United States a tax of twenty-two-hundredths or almost twice as much would be required. But even at this rate under the bonded system, the guaranty fund alone at five per cent would render the Government absolutely free from loss, even in case of unparalleled emergency.

The Association by its control of the note-issue, can render itself safe from loss, from the so called weak bank, because, only banks of a certain capital would be admitted and the power of issue would be restricted to these banks.

Again, the Association may demand the kind and amount of commercial paper to be deposited, and each bank will be restricted to a certain percentage of its capital stock. In case of default the association may dispose of the collateral and if necessary, call upon the reserve. As further security a lien may be given upon the entire assets of the issuing bank and in addition each shareholder is liable for double the amount of his investment.

Rarely, if ever, will the Association be forced to exert this right, for commercial issues in themselves have invariably been found secure. Of the $453,000,000 of

clearing house certificates issued in New York City last fall, seventy-three per cent were guaranteed by commercial paper, and even in a time of so great financial distress, of the merchants whose paper was thus accepted, not one defaulted.

As regards the public, much is to be gained by the commercial system. Under these associations, each bank would be interested in the affairs of every other bank and many would be aided in time of stringency.

In the United States since 1863, seventeen hundred and forty-three National banks have gone into voluntary liquidation, and four hundred and forty-eight have failed utterly — that is, twenty-six per cent of our national banks under the bond system have failed, while in Canada only six banks have failed with loss to depositors. The total loss of principal inflicted under the Canadian system upon noteholder, government, depositor or creditor whomsoever has not exceeded two million dollars.

In the United States last year, thirty-three National banks failed, while twenty-four were irretrievably insolvent. There is something radically wrong in a system which presents such a record — a record which would not be tolerated under Association Control. In Canada but two banks have failed in the last eighteen years, and in the words of Mr. B. F. Walker, President of the Canadian Bank of Commerce, Canada has never had a panic; and he further says that he knows of no country whose banking facilities are so adequate as those of Canada. Her commercial notes promote the welfare of the banks by coming to their aid in any emergency, great

or small, without compelling them to shatter their sound securities on a hard market to purchase bonds. It also contributes to business stability by tending to equalize interest rates. In Germany, England, France and Canada demand money remains practically at seven per cent during the entire year while in the United States interest varied from one hundred and twenty-five per cent in November, 1907 to one and one-half per cent in November, 1908.

The two per cent tax upon notes will not allow money accumulating in New York to be loaned out at one, two and three per cent. This will discourage speculation and gambling which inevitably lead to panic. The commercial system supplies the legitimate wants of the borrower, not only under ordinary circumstances but also in times of financial stress. It is conducive to the best interests of the farmers and businessmen by affording them always a safe and ample medium for transacting their business.

It provides notes which are safe — notes which are based on the business integrity of our nation and backed by the assets of the issuing bank, the twenty-five per cent gold reserve and the double liability of the shareholder-notes which are further secured by the Banking Associations and by the five per cent guarantee fund. It supplies notes which will merit the trust and confidence of our people because guaranteed by the government. And in view of these facts, we urge the adoption of the resolution.

THIRD AFFIRMATIVE, EARL G. FULLER, UNIVERSITY OF MICHIGAN.

Thus far in this debate we have shown that bank issues secured by commercial paper are absolutely safe; that they contain an element of elasticity which is not inherent in a bond secured currency, but which is very neccessary in any system that is to adjust itself to the commercial needs of our people. We also maintain that a system of bank issues secured by commercial paper would be practicable. We believe that in the last analysis this will be the supreme test to be applied to any proposition advanced for consideration.

The bond-secured system is impracticable since it discriminates against certain portions of our country, subjecting their banks to different conditions. It is an acknowledged fact that interest rates are much higher in the South and West than in the East, and hence, "the inducement under the present system to issue circulation in excess of the minimum required by law is very small. The higher the rate of interest the greater the inducement to choose the direct investment of capital in carrying on the ordinary business of the bank in preference to using it for the purchase of bonds and the issue of notes."

According to the report of the comptroller of the currency for 1908, the total amount of all bonds owned by the national banks of the Eastern and Middle states was $290,000,000, while the amount held by the whole South and West was but $40,000,000. Hence we see that the

present system is discriminatory and therefore impractical.

Under the system which we advocate the parity of the notes issued by our National banks could be easily maintained. National Banking Associations would provide adequate redemption facilities, since the comptroller of the currency would divide the country into districts containing not more than two hundred banks of issue, and but one central reserve bank to be designated as a bank of redemption. Thus every national bank in the country would be in daily communication with some agency having the power to retire from circulation all notes sent to it by the various banks of the association. The interests of the banks will lead them to send in all the notes of their rivals for redemption in order that they may keep their own notes in circulation; this will prevent any notes from being sent far from the place of issue, and hence confidence will be maintained. As a result the convertibility of bank notes into coin will be at *all* times possible. A system to be practical must have the confidence of the people; the mere fact that they know that all paper money issued by the various banks thruout the land may be instantly converted into coin, renders the plan not only safe, but in actual harmony with the constantly changing needs of commerce and industry.

Again, the practicability of the commercial paper system is shown by the experience of foreign countries, especially the Dominion of Canada. There we find conditions quite analogous to those existing in the United States, such as a wide extent of territory, a reasonably

large number of banks, and what is more important a great demand for more money at the annual crop-moving period. To-day Canada has adequate and responsive circulation based on the general assets of her banks; she has a currency which expands and contracts automatically in accordance with the needs of business. But instead of allowing our national banks to issue notes based upon all of their assets, we propose to limit the kind of assets to a particular class known as "commercial paper," and by thus specifying the security of the bank notes we offer a plan that is coördinated with the business interests of our people.

Moreover, the practicability of the system which we propose is best illustrated by the experience of the American people. There were many examples of highly successful state banks in our Middle West and South before the Civil War, which issued notes based upon commercial paper without investing a dollar in state or national bonds; but the most conspicuous examples were the Bank of the State of Indiana, and the State Bank of Louisiana. These institutions were able successfully to withstand the financial storms for many years, especially showing their strength in the panic of 1857 in not even suspending specie payments.

But as the best instance of such use of commercial paper we desire to call your attention to the Suffolk System in operation in the New England States prior to the Civil War. The System took its name from the bank of redemption, the Suffolk Bank of Boston. By 1860, over five hundred banks were voluntarily included,

or one to about every eight thousand inhabitants; this was a sufficient number to test thoroly the merits of any system. In the Suffolk System the element of safety was a conspicuous feature; there were very few bank failures during the period from 1840-60, and statistics show that the actual losses sustained by noteholders was about $880,000, an amount small indeed when compared with the business of the banks, but one which could have been fully covered by a tax of one-eighth of one per cent on the issues of all the banks, a tax far less than that which we propose under the commercial paper system. The banks of this period were organized under and controlled by the widely different and conflicting laws of the several New England States, which was a hindrance to their complete success. To-day we would provide uniformity by means of National inspection and supervision.

The supreme test of the Suffolk System was its success even under adverse conditions. The best contemporary writers of the times, as well as the Banking Commissioners of the several New England States testify to its merits. It satisfied the needs of the people so far as the necessity for a medium which could expand automatically was concerned, and did not result in inflation because it provided for the redemption of all notes through the Suffolk Bank.

The system was brot abruptly to an end by the arbitrary action of the Federal Government in the passage of the National Banking Act. in 1864, and the imposition of a ten per cent tax on all state bank issues thruout the

land. It is generally acknowledged to-day that this attempt to inaugurate a bond-secured currency was prompted by a desire to create a market for our Federal bonds.

This plan of bank issues secured by commercial paper which we offer you is endorsed by many of our leading statesmen and financial experts. It is recommended by the New York chamber of commerce, while the American Bankers' Association stands as a unit for its adoption. These facts must impress us with the idea that this is one of the great needs of the day, and that its adoption by our Federal Government no matter how long it may be deferred, is inevitable.

Then gentlemen, we believe that a system of bank issues secured by commercial paper is preferable to one secured by bonds, since it is absolutely safe, elastic, and practical; it is safe because of the regulations that can be easily thrown around it for the protection of the public; it is elastic because of its ability to adjust itself automatically to the ever changing needs of our commercial interests; it is practical, because it has been in succesful operation, not only in foreign countries but in our own land under similar conditions. For these reasons we ask for the adoption of the resolution.

FIRST NEGATIVE, FLOYD OLDS, UNIVERSITY OF MICHIGAN.

In this debate we are discussing the relative merits of bonds and commercial paper as security for bank note issues.

We do not deny that there are defects in our present bond secured currency, but we do deny that those defects are so great as to justify overturning the entire system and substituting another founded upon radically different principles. Financial experts tell us that the requisites of good currency are security, elasticity, and practicability. It will therefore be our purpose to show you that the bond system is the more secure of the two, that it can be made reasonably elastic, and that it is more practical for our conditions.

Many people have been led to believe that the panic of 1907 was caused by the inelasticity of the bond system. We are unable to accept that belief because foreign countries with a credit currency, similar to a commercial paper system, have had their full share of financial difficulties. We are most interested in the example of Canada, where they have a general asset system. Before our panic in the Fall of 1907 there was serious money stringency in Western Canada. Many large borrowers unable to secure money sought help in the United States. We would like to emphasize this fact: borrowers in a country with a system similar to the one advocated by the affirmative were compelled to resort to the United States with its bond secured currency.

The fact that panics have occurred under the credit system, as well as under the bond system, shows that there is nothing inherent in credit currency to prevent panic. The real cause of panics is lack of confidence in the minds of the public. The editor of the *Bankers Magazine* commenting on these occurrences has said, that it

would be very nice for speculators if we had an asset currency. In that statement he touched upon the inherent weakness of commercial paper or any asset system, for the fundamental idea back of such a system is that the banks may make more use of their own credit. This makes it easy to obtain money. Dishonest and reckless men engage in unhealthy speculation. The demands of these speculators can be met for a time, but they are met with bank credit and not with money. When the final liquidation comes this over-expansion of credit renders it impossible for the speculators to meet their liabilities, thereby destroying the value of their commercial paper. The Suffolk system of New England analogous to the one advocated by the affirmative, caused the greatest failure of that time by an over issue of bank notes based on commercial paper security.

The welfare of our people is too sacred to be imperiled by a currency which has as its basis of security commercial paper given by those engaged in gambling with bank credit. But even commercial paper given by honest men is too precarious to form a basis for bank note issue. It rests on the credit of individuals. Whenever that credit is imperiled the note is likewise affected. In the crises that come many firms and individuals are unable to meet their liabilities. This destroys the value of their commercial paper and under the plan offered you by the affirmative would destroy the value of the security for our bank notes. The same result would occur even in ordinary times. Recently a bank carried one firm to the extent of ninety thousand dollars, secured by the firm's

commercial paper; the firm failed, the paper became worthless and the bank went out of business. (The gentlemen have told you of bank failures alleging them to be due to financial stringency). The report of the Comptroller of the Currency for 1908 shows that only thirty per cent of our bank failures have been due to money stringency, while nearly seventy per cent have been due to depreciation in the value of commercial paper. Under the bond system which we advocate these failures could bring no loss to the holders of national bank notes for every note issued is secured by bonds backed up by the taxing power of the government. But if they had been secured by commercial paper the loss to note holders would have been enormous for their security would have been this depreciated commercial paper that caused seventy per cent of our failures. The bond system rests upon specific and absolute security; the one proposed is based on private credit.

A great defect of commercial paper security is that no bank can tell what paper is safe. It all rests on the credit of individuals and that is essentially uncertain; A man able to pay to-day may be bankrupt to-morrow. Many of our best banks have thousands of dollars worth of depreciated commercial paper in their vaults. A dishonest bank could, under the plan of the affirmative, issue notes secured by this worthless paper and the people would be asked to accept those notes as money. One example will serve to show how utterly impossible it is to prevent a bank from handling worthless commercial paper; recently the cashier of the Citizens National

Bank of Niles, Michigan, forged the names of different firms to commercial paper, placed the paper in the vaults of the bank and used the money to engage in speculation. The bank examiner made numerous investigations of the affairs of the bank but could not determine that much of its commercial paper was forged and absolutely worthless. The same condition exists in other places, so that such security is too precarious to be the basis of bank note issue. With so much uncertainty as to the value of bank notes and with no means of determining the real credit back of them, it would be unreasonable to expect the people to have confidence in such a system. How many of us would be willing to accept a note secured by commercial paper given by one about whom we know nothing? But who would not trust a note secured by bonds backed up by the taxing power of the government?

The people will distrust any system with uncertain security. Depositors and creditors will demand sound money. There will not be enough sound money to meet these demands. This will bring suspended payment and suspended payment leads to failures and panics. It is not inelasticity but distrust that causes panics. A system which lessens the security back of a note adds to the distrust in the minds of the public. Sound credit is the bulwark of the bond system. The people trust these notes because they know that they are secured by bonds which will be paid by the government.

Having seen then that fundamental principles strongly favor the bond system, let us compare their practical

working. In the short period of twenty years from 1840 to 1860 the Suffolk system of New England analogous to the one advocated to-night lost note holders nearly a million dollars, while the bond system, though used for forty-five years in all parts of the nation has never resulted in the loss of a dollar to note holders.

We have seen then that the over expansion of credit under commercial paper system is liable to cause panics and that when the system was used in this country it proved unsuccessful. Let us not cast aside the bond system which has never resulted in the loss of a dollar to noteholders and has given to the United States a period of unparalleled prosperity, and substitute another which we believe will inflate our currency, imperil the security of our notes and jeopardize the business interests of our people.

SECOND NEGATIVE, BURL A. MYERS, UNIVERSITY OF MICHIGAN.

The adequacy of any currency system depends upon its safety, elasticity and practicability.

My colleague has shown notes secured by bonds, based upon the taxing prerogative of our government, are absolutely safe. They have the confidence, not only of the banker and financier, but of the farmer and laborer as well.

But our opponents emphasize the point of elasticity and insist that it is the most important element of a note issue. England has no provision for elasticity in her

note issue but still she is as free from panic and financial disturbances as any other nation in the world. We remember the Baring Bros. failure, with a call upon the national government for four hundred million dollars ($400,000,000) additional currency. This call was met without disturbance. The point is this, a nation with a sound currency, based upon a security which is worth its face in gold can borrow from other nations. We have not had perfect elasticity in this country; the law has so hemmed in our note issue that it was impossible. And to inelasticity the gentlemen attribute all the commercial failures and panics of the last forty years, and insist that a bond system is inelastic. In answer we will say, first, that elasticity will not prevent panic. France, Germany, Canada, and in fact all progressive nations, where business is active, have speculation, over expansion of credit, and panic. Second, the history of our note issues disproves this contention. Our law requires, that for every dollar of note issue placed in circulation, the banker shall deposit with the National government a national bond to secure it; this was wise for it made our note issue safe, but the trouble lay in the fact that government bonds were limited in number, and could not be obtained by banks when most needed. In 1890 when government bonds could be obtained we had expansion but we had panic despite the expansion. In October, 1907 we had expansion just as far as our limited supply of bonds would permit. Between October thirty-first and December thirty-first we had an expansion of over eighty million dollars ($80,000,000). Statistics show

that at the time our banks held one hundred and sixty-six million dollars ($166,000,000) of borrowed bonds and that banks made every possible effort to obtain bonds but they were inaccessible. Our present bonded indebtedness is eight hundred and ninety-five million dollars ($895,000,000); about eighty per cent (80%) of these bonds are now held by the National Government as security for public money, and a large proportion of the remaining twenty per cent (20%) are held by foreign capitalists. We need to broaden the basis of our security. To provide for the use of State, County, and Municipal bonds, which are accessible to bankers at all times.

Furthermore, our currency has been inelastic, because the amount of contraction has been limited by law. No matter how great the expansion at the crop moving period or other seasons of the year, the contraction was limited to three million dollars ($3,000,000) per month; this was an absolute rule of law. No note issue system can be elastic when the contraction is limited to three million dollars ($3,000,000) per month. We admit that a bonded system has been inelastic, but we deny that it is inherent defect of a bond system. We have lacked elasticity in our note issue, not because it was a bonded system but because elasticity was prevented by law.

The gentlemen also argue that our bond issue is controlled by the price of the bond. They say when bonds are cheap we have expansion, and when bonds are high we have contraction. But statistics will not bear them out in this statement. In 1907 from October to Decem-

ber, with bonds at one hundred and six and one-third we had expansion of over eighty million dollars ($80,000,000), and in 1908 from February to May, with bonds at one hundred and four, we had a contraction of over thirteen million dollars ($13,000,000), all that was possible under our redemption law.

Again the elasticity of a note issue does not depend upon the life of the security upon which it is based. If a bank issue is based upon a ninety day promissory note, it is no evidence that the bank issue will contract in ninety days. The banker will deposit a new security and the issue will continue in circulation. Nor is it true that a bank note secured by a twenty or thirty year bond must remain in circulation for any definite length of time. We know that our note issue expands and contracts regardless of the life of the security upon which it is based.

Our best economists and financiers say, that a bonded system of note issue can be made perfectly elastic. This can be done; first, by providing for a surplus of idle notes to be on hand at all times, ready to be put in circulation without delay.

We should broaden the basis of our security, make expansion possible by the use of State, County, and Municipal bonds; bonds which are found in large quantities in every city and community. Bankers either have them on hand or can obtain them without delay. Then, too, we would require bankers to take out more of their capital in bonds; we will say fifty per cent and keep from thirty per cent to forty per cent of them in notes ready

for circulation; these notes to be free from tax except for the period in which they are used. This would insure us ready expansion.

In the second place, elasticity can be secured by providing good homing facilities, to procure regular redemption of the notes. Whatever system we adopt if it is to prove adequate we must have regular redemption. We must repeal the law which has prevented elasticity in the past, so that bank notes no longer needed, will return to the bank that issued them for redemption. This will prevent inflation. We would divide our country into districts and limit the circulating area of the notes to the district in which they were issued and we would provide a redemption agency for each district, that notes passing out of the district, might be returned for redemption.

These homing facilities with the competition between the different banking institutions to keep their notes in circulation, and for business with the redemption agency will shorten the life of the note and there will always be a surplus of notes returning daily to the redemption agency, ready for recirculation, and a result of perfect elasticity.

Now, we have shown that elasticity is not the most important element of a note issue, but admitting that it is an element, we have shown that it is not an inherent defect of a bond system; that the law has prevented elasticity in our note issue. We have also shown that the system proposed by our great economists and financiers insures us elasticity and that this elasticity with

our present system is more stable and more desirable than any asset or commercial paper system in the world. We therefore oppose this resolution.

THIRD NEGATIVE, H. L. ROTZEL, UNIVERSITY OF MICHIGAN.

Thus far in our discussion we have seen that the bond system is safe because backed by the government, while the commercial paper system is unsafe because backed only by the credit of individuals. We have also seen that we can secure the elasticity necessary to meet the needs of modern business under the bond system, by removing the present restrictions upon elasticity, by allowing the use of State, County, and Municipal bonds, and by providing good homing facilities.

Let us now turn our attention to the plan advocated by the affirmative and see whether or not it would be just and practicable under conditions as we find them here in the United States.

We of the negative hold that if we adopted the commercial paper system we would render deposits less secure and hence do an injustice to depositors. We can best see how this would be by observing a bank failure under the two systems. In case of a failure under the bond system, the government would see the bonds deposited with it as a basis for the notes and pay the noteholders out of that fund. The general assets of the bank would be left to the depositors. Under the commercial paper system, it is different. The commercial paper upon which the notes have been issued may not

be good. Indeed experience shows that it is seldom as good as government bonds. If it is not good the depositor is much worse off than under the bond system for the noteholder always has a first lien on the assets of a failed bank. This means that he will make good his losses from those general assets and the depositor will have to take only what is left. The depositor would have to do the same thing under the bond system if the bonds were not good. But the point is (and here lies one of the main differences between these two systems), experience has shown that government bonds are invariably good while commercial paper is constantly liable to depreciation. Thus we see that the inherent insecurity of commercial paper is bound to make itself felt. If the noteholder is safeguarded against loss, the insecurity is not remedied but is merely transferred to the depositor and we hold that his interests should be guarded as well as those of the noteholder. It is because the commercial paper system does not do this, that we hold that system unjust. The point is briefly this: under the bond system we require that a bank shall invest a large proportion of its capital in gilt-edged securities, such as government bonds, before they ever go into business. This assures us that all banks will have some reserve and some stability behind them aside from the twenty-five per cent reserve which they are required to keep on their deposits and general business. Every safe and conservative banker will keep such a reserve anyhow, but if we adopt the commercial paper system the unsafe and unscrupulous banker will not be

required to keep such a reserve and hence by adopting that system we would cast aside practically the only safeguard against loss which a depositor has in case of bank failure.

But aside from the injustice to depositors which would result from the adoption of the commercial paper system we call your attention to the fact that it would not work satisfactorily anyhow. It is too complicated. It might work in countries where there are only a few banks with the right of issuing notes, but in a country like the United States where there are nearly 7,000 banks with the right of issuing notes it could not be operated without fraud. If you allow all national banks to issue currency upon commercial paper, the number of national banks will increase very rapidly. This means that the commercial paper of thousands of banks will have to be examined to determine its worth as a basis for note issues. This would require the constant attention of hundreds of officials and would give great opportunity for collusive graft between the officials and dishonest bankers. But even granting that the officials were honest, even then you could not eliminate graft on account of the very nature of the business. The daily experience of bank examiners proves this. It repeatedly happens that a bank fails but a few days after being investigated by a bank examiner, simply because the examiner could not definitely determine the value of the commercial paper held by the bank. Here lies one of the main weaknesses of the commercial paper system. No one can ever definitely determine the value of commercial paper

held by a bank because no one has the right to investigate the business of the individuals or firms whose commercial paper the banks hold.

Thus we see the practical impossibility of eliminating fraud under the commercial paper system. Under the bond system there is no possibility or incentive for fraud in the note issuing business. The banker simply buys bonds and exchanges them for notes. But if you make the issuing of notes a purely profitable business, as is the case under the commercial paper system, then you give the banker every incentive to fraud which he has in the ordinary business of the bank. This should not be, for the issuing of notes affects all of us because we all have to accept them when they are issued, while the general business of the bank affects only the banker and his voluntary creditors.

We see then that the plan proposed by the affirmative is, and must necessarily be, a complicated one, if applied to conditions in the United States, and that it cannot be enforced thoroughly enough to prevent graft and fraud. It is for this reason that we insist that if the affirmative are to prove their contention, they must show their system to be practical as well as theoretically correct.

The substance of the whole matter then is briefly this: The bond system is safe, being backed by the government; the commercial paper system is unsafe because backed only by the credit of individuals. The bond system is elastic and has the confidence of our people, the commercial paper system is elastic but is so distrusted

by our people that it would lead to panic and depression. The bond system is just to the depositor as well as the noteholder, the commercial paper system is unjust because it discriminates against depositors in favor of noteholders. The bond system is simple and eliminates graft, the commercial paper system is complicated and fosters graft. Above all the bond system applies to conditions as we have them here in the United States, while the commercial paper system applies only to countries where there is a limited number of banks with the right of issuing notes. We must choose then between a system which has been tried and found practical in our own country, a system which can be modified and strengthened to meet the needs of modern business, a system with which we are familiar and which we know how to enforce and above all a system which has the complete confidence of our people. We are to choose between such a system and one which has never been tried under conditions such as we have here in the United States, a system which we can not enforce thoroughly enough to prevent fraud, and above all, a system which has not and cannot have the confidence of our people. To make any radical change in our currency system is always dangerous, but to make that change when we can secure the same results by modifying and strengthening the present system is folly. We therefore oppose the commercial paper system and hold that the bond system of securing notes is preferable.

ARGUMENTS OF THE AFFIRMATIVE TEAM OF NORTHWESTERN AND MICHIGAN REBUTTAL.

1. The bond system is unsound because it requires the adoption of unsound banking practice. It does this because it requires a bank to use its cash to buy bonds on which to issue currency at the very time when its cash is most needed to meet the demands of business.

Answer: According to the bond system such as we advocate there would always be enough bonds in the bank on which to issue currency without using their cash, because we would require a bank to keep a large per cent of their capital invested in government bonds all the time, and because we would use State, County, and Municipal bonds as a basis for notes. These are a good investment and are now held by most national banks. They would be held in larger quantities if allowed as a basis for note issue.

2. Bond system unsound because it requires the maintenance of public debt.

Answer: A public debt is a good thing because it equalizes the burden of any great improvement. It does not require the generation which makes an improvement and gets little use from it to bear the whole burden. If bonds are sold to pay for it, future generations will pay their share for its benefits. For a good discussion of this subject see Chas. J. Bullock's "Selected Readings in Public Finance," p. 522–533.

Further, as a country grows more prosperous, great public expenditures will grow more and more numerous.

This natural increase and the use of State, County, and Municipal bonds show that there would be no interference with the public debt if we continued the bond system.

3. Bond system can not meet our needs because it is inelastic.

Answer: Our second speech deals with this argument almost entirely.

4. Bond system causes panics.

Answer: Panics are caused by the over expansion of bank credit not by the inelasticity of the currency. From 1900–1907 the obligations of banks increased $1,600,000,000, but capital only $135,000,000. Obligations increased twelve times as much as capital. They should have increased only four times because a twenty-five per cent reserve is required by law on the business of the banks.

Professor Laughlin of University of Chicago, one of the best of authorities says in Journal of Pol. Econ., Vol. 15, "It is highly important to disabuse the popular mind of the fallacy that the real difficulty of a crisis like the present (1907) can be removed by the issue of bank notes."

Elasticity isn't as important as safety anyhow.

5. Commercial paper system is used successfully in other countries.

Answer: No other nation in the world has a commercial paper system. Canada, Germany, and France have an asset currency which is backed up not only by the commercial paper held by the banks but also by

metallic reserve, by bonds, by mortgages, and by real estate, indeed by all the assets of the banks.

6. A central bank of issue would make commercial paper issues safe.

Answer: A central bank of issue is contrary to the American theory of government because it centralizes financial power and would bring about a monopoly of the banking business. This is particularly undesirable when we are finding so much graft and corruption in high places. A central bank may be all right for imperial governments, but it does not satisfy in a republic.

REFERENCES.

The Aldrich Bill, *Ind.* 64: 451–53, F. 27, '08.
American Currency and Banking, *Liv. Age* 255: 682–5, Dec. 14, '07.
Arguments Against Aldrich Bill, *Nation* 86: 164–5, Feb. 20, '08.
Bond Secured Bank Notes and Elasticity, *Outlook* 88: 590–3, Mar. 14, '08.
Currency Legislation, *Ind.* 64: 427–8, Feb. 20, '08.
Currency Question, *Outlook* 89: 129–30, May 23, '08.
Currency Question, *Indep.* 64: 1101–2, May 14, '08.
Currency Question to the Front, *Current Lit.* 44: 1–8.
Currency Reform; a Central Bank, *Rev. of Rev.* 37: 35–7, Jan. '08.
Elastic Currency, *Outlook* 88: 340–1, Feb. 15, '08.
Foreign Experience: A guide to currency reform, *Am. Acad. Annals* 31: 367–71, Mar. '08.
Nation's Currency and Banking System, *N. Amer.* 187: 166–75, Feb. '08.
Neglected Aspects of Currency, *Am. Acad. Annals* 31: 120–47, Mar. '08.
Currency Question, *Ind.* 64: 245–9.
Obstacles to Currency Reform, *Ann. Am. Acad.* 31: 454–9.
Recent Panic and Peril, *Arena* 39: 272–5, Mar. '08.

Relation of a Central Bank to the Elasticity of the Currency, *Ann. Am. Acad.* 31: 372–6.
Remedy of Currency Ills, *World's Work* 15: 9811–8, Jan. '08.
New England's Currency Views, *N. Eng. Mag.* 38: 61–81, Mar. '08.
Law of Commercial Paper, *Bank Magazine* 21: 1–610.
Circ. of Nat. Banks, *Scrib.* 17: 205.
Banking in Canada, *Bank M.* 69: 11.
Credit Currency, *No. Am.* 183: 1171–8.
Steps towards Currency Reform, *Nation* 85: 313.
Faulty Monetary System, *Nation* 82: 52.
Faulty Monetary System, *Bank Mag.* 72: 54.
Currency Reform, *J. Pol. Econ.* 15: 603–10, Dec. '07.
Currency Reform, *J. Pol. Econ.* 16: 33–5, Jan. '08.
Currency Reform, *Outlook* 88: 676–7, Mar. 28, '08.
Elastic Currency as a Prevention of Panics, *Ann. Am. Acad.* 31: 326–34, Mar. '08.
Emergency Currency, *Outlook* 88: 106–7, Jan. 18, '08.
Emergency Currency, *Outlook* 88: 238–9, Feb. 1, '08.
Government Currency, *Outlook* 89: 73–6, May 9, '08.
Proper Banking Legislation, *Ind.* 64: 1025–8, 1075–8, May 7, '08.
Proposed Banking Law, *Nation* 86: 26–7, Jan. 9, '08.
Diagnosis of World's Elastic Currency Problems *Ann. Am. Acad.* 31: 377–97, Mar. '08.
How to Make Commercial Panics Impossible, *Arena* 39: 409–16, Apr. '08.
Adoption of the Currency Act, *J. Pol. Econ.* 16: 452–5, July, '08.
Aldrich–Vreeland Bill and Its Place, *N. Am.* 188: 212–25, Aug. '08.
Banker's View of Elastic Currency, *Outlook* 89: 329–32, June 13, '08.
Clearing House Certificates, *Nation* 86: 90, Jan. 23, '08.
Currency Legislation of 1908, *Q. J. Econ.* 22: 666–7, Aug. '08.
New Currency Law and Its Advantages, *Outlook* 89: 269–71, June 6, '08.
Northwest in the Recent Financial Crisis, *Ann. Am. Acad.* 31: 413–9, Mar. '08.
Panic Preventions and Cures, *Ann. Am. Acad.* 31: 398–412, Mar. '08.
Readjustment of Our Banking System and the Unification of the Currency, *Ann. Am. Acad.* 31: 335–44, Mar. '08.
Currency Act of 1908, *Q. J. Econ.* 22: 668–76, Aug. '08.

CONGRESSIONAL RECORD.

Elasticity in the Currency (Sen. Depew's), *Vol.* 41: 38866, Feb. 21, '07.

Bill to authorize issue of emergency circulation to national Banks, *Vol.* 41 (Senate Bill 7026).

Aldrich-Vreeland Bill (Sen. Aldrich), *Vol.* 42: 6583–87, 7504, 7514, May 15, 1908.

Report on Ald.–Vreeland Bill by Sen. Ald., *Vol.* 42: 7434.

Speech on Ald.–V. Bill, Alex. Clay of Ga., *Vol.* 42: 2647–2651.

Debate in House on Ald.–V. Bill, *Vol.* 42: 6533 following.

For a further discussion of the Ald.–V. Bill consult the index to Congressional Records, Vol. 42, under the head of *"Currency."*

BOOKS.

Rollins, *Money and Investments.*

Cleveland, *The Bank and the Treasury.*

Taylor, F. M., *Chapters on Money.*

See references on other currency and banking questions in this volume.

FEDERAL CHARTER FOR INTERSTATE COMMERCE

II

FEDERAL CHARTER FOR INTERSTATE COMMERCE

The triangular debate between Harvard, Yale and Princeton resulted in a victory for the negative in all three debates. The question debated was stated thus: "Resolved, That all corporations carrying on interstate commerce be required to take out a federal charter." Below is a report of the Harvard-Princeton debate as printed in the Harvard Daily Crimson.

FIRST AFFIRMATIVE, P. S. WATTERS, PRINCETON, 1910.

We are discussing to-night a question of broad public policy, and it must be viewed as such, rather than from the narrow ground of mere constitutionality. We are not discussing "can this measure be passed under the present constitution?" but "should this system be adopted?" We of the affirmative believe in the proposed system of federal incorporation for three reasons: First, because there are inherent in the present system, evils which are intolerable and which therefore demand a remedy; second, because the proposed system can and will remedy the existing evils and assure definite advantages; third, because the proposed system is in accord with the recognized principle of our government, "national control for national affairs."

The system which we have to-day is a system of dual control; state incorporation and supplementary federal

regulation. Each half of the system has serious faults inherent in it, and the combination of the two gives us an inefficient system and insufferable conditions.

Taking up first the state incorporation, we find in it a disregard for economic conditions, resulting in: First, the attempt of local state legislation to make itself effective throughout the entire nation. This arises from the attempt to continue outgrown methods of control, over modern business concerns. Second, the competition of states for the individual gain of the incorporation tax. This results in laxity of control and further disregard for economic conditions. This could not apply under our proposed system. Third, a diverse and conflicting authority to which corporations are responsible. Definite responsibility is the keynote of efficient control; and therefore we cannot secure stability of business conditions while the present system endures.

In the added federal regulation we fail to find any remedy for these evils. On the contrary, the federal government, in the attempt to prohibit combinations, has disregarded economic tendencies; and its efforts have therefore been futile. Moreover, combinations properly regulated, would be of unmeasured benefit, and the attempt to prohibit them would therefore be undesirable, even if possible.

Finally, the combination of these systems has entirely failed of its purpose. For the federal and state authorities have failed to co-operate, and as a result we have a growing contempt for law, too serious to be disregarded.

These evils inherent in the present system cannot be

minimized. The existing method of control does not conform to economic needs. Therefore we submit to you that the present system is intolerable because it can never secure effectiveness of law, stability of business, or efficiency of corporal control.

SECOND AFFIRMATIVE, N. EWING, JR., PRINCETON, 1909.

We claim that the system of federal incorporation which we are advocating can and will remedy the evils, and in remedying them will procure definite positive advantages. The first of these evils is diversity of law. Now, how will the federal charter remedy this evil? The federal charter which we advocate provides for one set of general rules and regulations to which all corporations engaged in interstate commerce shall be subject. Instead of forty-eight different systems of law for the government of corporations engaged in interstate commerce we shall have but one system of law. Thus we are ridding ourselves of the great diversity of corporate legislation and are avoiding any further multiplication of conflicting laws. As a positive advantage we are gaining uniformity of corporate legislation and thereby making it possible for the corporations to know the general terms upon which they can conduct their business in the country at large, and for the people to understand their relation to the corporations.

The next evil is that of friction between federal and state authorities, but by means of the federal charter we shall have the corporations subject to but one set of

general rules and regulations, and under but one central authority. Thus we shall tend to reduce this friction and obtain a conservation of energy and expense. The third evil is that of discriminatory legislation. How can we remedy this evil by means of federal incorporation? At the present time twenty-eight states have passed prohibitory laws, such laws are pending in seven other states, and some states have kept out only the corporations of a certain or certain states. Such legislation has been a hardship both to the people and the corporations. However, with a federal charter all corporations doing an interstate business would have free entrance into all the states of the union. Thus we would prevent unwarranted interference with the corporations by individual states and would protect the rights of the people and further the interests of commerce.

Our last great evil is that of inefficient regulation. We have tried the present system for nearly twenty years, and we are as far from adequate control of these corporations as we were at the beginning. The federal charter will cure the cause of these evils and prevent them from arising, and we shall have regulation and supervision exercised by a sovereign whose jurisdiction is co-extensive with the field of work of corporations.

We claim that by means of a federal charter we shall do away with diversity of corporate legislation and obtain uniformity; that we shall tend to reduce friction between federal and state authorities; that we shall do away with discriminatory legislation and that we shall obtain wise and efficient regulation.

THIRD AFFIRMATIVE, M. H. FRY, PRINCETON, 1909.

We have seen that the system of federal charters which we advocate is both necessary and efficient. The final reason for the adoption of the proposed method of regulating corporations doing an interstate business is that it is the natural and logical application of the principle of national control for national affairs. It is not an unwarranted advance in the direction of greater centralization. It is merely the extension of national control over a field which is essentially national in character.

Ever since the time of the adoption of the constitution, interstate commerce has been recognized as being a field for national control. Modern conditions have made it even more imperative that it is a problem for the national government alone to handle.

At present we have a double control. The state attempts to control a certain part of the activities of interstate corporations; the national government another, and the result is a system which neither regulates nor controls. National regulation of interstate commerce can only be efficient where it carries with it the control of the instrumentalities of that commerce, and of the corporations engaged in it. It is this condition which will be brought about by our system of federal charters. By its provisions a corporation engaged in interstate business will derive its power of doing that business from the national government, and the national government will be able to place such provisions in the charter as will make it next to impossible to evade the law.

Corporate legislation will be preventive rather than penal, and this is a condition ardently to be desired. This is not a radical or sweeping method which we of the affirmative advocate. It is merely the extension of federal control over a field where federal control ought to be exercised. It is a step in a process which is continually going on, viz.: The adaptation of government to the needs of the people.

Accordingly, we see that this system of compulsory federal charters is necessary, adequate and safe. It means the removal of the evils of the present method and the establishment of a system which secures uniformity of law, regularity of enforcement, and efficiency of control.

FIRST AFFIRMATIVE REBUTTAL.

P. S. Watters, the first speaker for the affirmative, took up in order the three principles upon which the negative based its argument. He pointed out that it devolved on the negative to show that their plan was better than the one the affirmative advocated. The negative claim that all persons, as well as corporations, would be under control of interstate commerce. This is apart from the question. Interstate commerce of all kinds should be controlled by the national government, not to regulate all corporations similarly. Government might regulate large and not the small corporations. Corporations could be divided according to purposes, as is done to-day. The present system is inadequate and

evils are inherent in the system which must be eradicated. Let there be national laws and not local laws made for national businesses. Under the present system we cannot have stability of business as definite control is impossible. Now corporations are bound by restrictions which other states may lay down. These two systems do not prevent evils and are causing the growing contempt for laws, a thing too serious to be allowed to continue.

SECOND AFFIRMATIVE REBUTTAL.

N. Ewing, for the affirmative, laid stress on the equality of their scheme with regard to the large and small corporations and asked how their system would harm the small corporation. Our plan is to take in all corporations engaged in interstate business and regulation will be as effective with regard to the small corporation as the large. Corporations will be protected by the federal legislation. Development of this country demands this and while corporations are necessary, it is not intended to give any one a privilege not enjoyed by the others. Supervision and regulation should be exercised by a sovereign whose jurisdiction will be co-extensive with legislation. Corporations doing business throughout the entire country would be thus put under control of Congress made up of representatives from the whole country. At the present time state rights have been practically obliterated and this question is a national one and must be taken care of by the national government. Question of immigration was at one time regulated by

the states, but now by the national government, and regulation of corporations which have become national in their character should be dealt with similarly.

THIRD AFFIRMATIVE REBUTTAL.

Mr. Fry closed the debate. He took up the claim of the negative that the affirmative's plan would be detrimental to the states by taking away the right to regulate their government. It is not intended to interfere with state matters, simply with national ones, and the negative maintains national control for national affairs. Two methods are proposed — that of the negative, a continuation of the present system, has been tried and found wanting. Publicity, under present conditions, will not regulate matters. The affirmative propose to deal with interstate matters merely, and interstate commerce is a national and not a local affair. The unconstitutionality of such a measure should not be raised, as the Supreme Court does not pass on such matters until they are regularly brought up to it, and neither side has a right to prophesy what the court would do, as neither has the gift of divine inspiration. Compulsory federal charters will remedy the evils which spring from dual control and bring uniformity of regulation all over the country and uniformity of laws by a government which is in force throughout the country. This will mean the establishing of one of the basic principles of our government — national control for national affairs.

FIRST NEGATIVE, J. F. T. M'CONAUGHY, HARVARD, 1910.

The first objection to federal incorporation is its radicalness. This is shown, first, in the corporate change which would result from strict, compulsory federal incorporation. It would mean the winding up of many corporations. Charters cannot be changed if stockholders object; since certain stockholders' rights would be lost by federal chartering, some stockholders would object, and the corporations would have to end their existence, with injury to creditors and litigation in the courts. Another difficulty connected with federal incorporation is the recapitalization which would be necessary. Since to-day different states have different bases for capitalization, and the federal incorporation law could have only one basis, extensive recapitalization would be necessary. In fact, nearly ninety per cent. of our corporations would have to be recapitalized, which would be practically impossible. Furthermore, federal incorporation would work injustice to stockholders by changing their rights. For example, to-day there are different limits on dividends and on preferred stock. The federal incorporation law, being strict and compulsory, will, by having only one limit on dividends, confiscate part of the investor's property, which no court in this country would uphold.

Federal incorporation would be radical because of the above corporate changes, and also because of the centralization which would result. Mr. F. J. Stimpson, counsel of the Industrial Commission, says that this

would be "the most radical and revolutionary legislation ever passed in this country."

Mr. Knox, Secretary of State, says that centralization is the greatest danger before the country to-day. This centralization would evidence itself, first, in the centralization of corporation cases in the federal courts. Federal incorporation means that all cases involving corporations must be decided in the federal courts, which are slower and more expensive, and a decrease of one-half of the present business of the state courts. Again, centralization would be seen in the control of our business. The question includes every corporation engaged in interstate business, big or little. It applies to federal incorporation, to one-half of the business of this city of New Haven, and to ninety per cent of the business of the country.

Such a radical measure, involving these tremendous corporate changes and such complete centralization, should only be passed if absolutely necessary. The affirmative must prove that no other remedy can be found to cure these evils. We assert that we already have a perfectly simple and effective cure for the evils that now exist in corporations engaged in interstate business.

SECOND NEGATIVE, S. E. KEELER, HARVARD, 1910.

The first objection of the negative to the plan of federal incorporation was, that it was radical. However, we would take this step of federal incorporation with all its radical tendencies did we deem it necessary. But

their scheme is unnecessary, for it is not the most natural, most effective remedy to meet the very evil of our corporate industries.

The first evil to be considered is overcapitalization. Overcapitalization is an evil only when the public and legislature are deceived. The only cure of this evil which ever has been, or ever will be effective, is publicity. The evil of overcapitalization of railroads has been cured by publicity brought about by the Interstate Commerce Commission. There was no need of a radical federal incorporation law. What the Interstate Commerce Commission has done in the case of the railroads, the Bureau of Corporations may do in the case of industrial corporations.

Unfair treatment of stockholders is an evil. But a federal corporation law is not the cure for it. Stockholders themselves, with a Bureau of Corporations to investigate corporate methods, may force directors to live like honest men, the friends of the stockholders' pocketbooks as well as their own.

Another evil is discrimination in railroad rates. Do we need a federal incorporation bill to meet this? The Hepburn law of 1906 rendered illegal every rate discrimination. If the affirmative have evidence that such rates still exist, let them make the facts public and they may rest assured that it will not require a cumbersome federal incorporation law to remedy these discriminations.

The law is proposed to prevent monopolies. The first thing for us to understand about the monopoly problem

is that monopoly of itself is not an evil. Monopolies become evil when they are unregulated. Destroy the three illegal weapons by which they stifle competition and your monopoly question is solved. These three illegal weapons are: (1) Railroad rates discrimination, now illegal by the Hepburn Rate Bill; (2) discrimination in prices between places. To cure this the Hon. Wade Ellis advocates stringent laws prohibiting it. (3) The third illegal weapon was Factors' Agreements. They have been made illegal, and if they still exist the cure is to be found in publicity. Surely there is no need of a federal incorporation law to destroy monopolies. Regulate them by destroying the three illegal methods in which they stifle competition, and your monopoly problem is solved.

What is the general conclusion if the plan of the affirmative is unnecessary to meet the present corporate evil? The cure is to be found in regulation through the Interstate Commerce Commission and the Bureau of Corporations enforcing the present laws and securing, above all else, effective publicity. Publicity, the greatest of cures for this evil, is the friend of the corporation as well as the public. It is the friend of the corporation, for the time is coming when publicity is to be an essential of every corporation which derives its support from the public. Public confidence can be based on nothing but facts. A Bureau of Corporations can be the means by which corporations demonstrate their soundness to the public. Publicity helps the public. The theory of a government requires that its citizens shall

vote intelligently on questions of taxation, prices, profits, markets, etc. Facts in regard to these things the public must have. There is no agency so well adapted to furnish these facts as the Bureau of Corporations.

The plan of the negative is not radical and centralizing, as is the affirmative. It seeks rather the enforcement of existing laws and the securing of proper publicity through the agency of the Interstate Commerce Commission and the Bureau of Corporations.

THIRD NEGATIVE, E. C. WEYMAN, HARVARD, 1909, L. S.

Not only is the remedy by federal incorporation radical and unnecessary, but it is impracticable. First, it is impracticable because it could be easily evaded. If the federal charters contain any restrictions which corporations engaged in interstate commerce do not like, they will stop engaging interstate commerce, sell all their products to partnerships and individuals within the state, and thus evade federal incorporation. Incidentally, federal incorporation will create this new class of middlemen, and these federal incorporation could not control. But the remedy of the negative could be as easily applied to partnerships and individuals as to corporations engaged in interstate commerce.

Secondly, the affirmative is impracticable because it will derange state systems of taxation. In these systems years of experience have given the corporations a prominent place. Taxpayers have become accustomed to this form of taxation; hence it is less burdensome.

"An old tax is a good tax." To it business and values have become adjusted. In exempting corporations from state taxation the affirmative force the state to abandon the old tax, destroy the adjustments, forget its experience, and work out an entirely new system of state taxation.

Thirdly, the plan of federal charters for all corporations engaged in interstate commerce is of doubtful constitutionality. Does the power of Congress to regulate commerce include incidentally the power to regulate production? Would the Supreme Court say that Congress has the power to give industrial corporations the right to produce goods within a state? Many decisions point to the contrary. From these it is a conservative conclusion that the constitutionality of the affirmative proposal is doubtful. If doubtful it will necessitate years of litigation to determine its validity. This litigation involves years of uncertainty in business, millions of dollars of loss. Again the affirmative propose their remedy in order to escape "dual control." But this is impossible. As has been decided in many cases, the states have control over local commerce and production within their borders. The affirmative cannot escape the dilemma. They would simply substitute one form of dual control for another form of dual control.

FIRST NEGATIVE REBUTTAL.

J. L. McConaughy, the first speaker for the negative, attacked the claim of the affirmative that the scheme

which they proposed was a natural one for the regulation of national affairs. He pointed out the similarity of this scheme to the one proposed in the Constitutional Convention, but which was not pressed after its being voted down by the convention, which said that the national assembly should not regulate this matter. The issuance of federal charters would mean the taking power from states and handing it over to the federal government — a serious blow at state rights. Such a law would apply to hundreds of thousands of corporations; to ninety per cent of the business of this country. And all this to get rid of one form of dual control and to substitute another, as in the very nature of things the control must be dual, as ours is a dual government. The affirmative advocate the taking of this control from the states, which have had it for more than a hundred years, and have this done by the federal government. Remedies exist to-day in the Interstate Commerce Commission and the Bureau of Corporations and the new administration is going to make use of these two efficient remedies. The Bureau of Corporations will regulate those doing interstate business and the states will continue to have the power which they have so long enjoyed, of regulating production.

SECOND NEGATIVE REBUTTAL.

S. E. Keeler, for the negative, again emphasized the importance of the power of publicity which the affirmative slighted. He spoke of the cures the federal gov-

ernment had made recently in such matters by publicity. The monopoly in petroleum is to-day being cured because of publicity, as was the making use of discriminatory rates by the Standard Oil when the commission investigated and showed this to the public. Corporations realize to-day that they must be fair. The plan of the negative is to maintain an efficient Bureau of Corporations so as to maintain this publicity. The scheme of the affirmative is radical and centralizing. The affirmative are inconsistent in holding the national banks up as an example, as all banks are not under this control and there are state banks as well as national banks. The strength of the state banks lies in the fact of their supervision — in the scheme of examination in vogue — in the giving of publicity to their affairs.

THIRD NEGATIVE REBUTTAL.

E. C. Weyman, for the negative, pointed out the harm which such a scheme would do to the states in taking away local self-government. Harm would also be done to the nation in taking up all the time of Congress, in legislating for these innumerable corporations. There would be one law for the whole country, and all corporations would be regulated in the same manner irrespective of locality. Even if classification, which has innumerable objections which the speaker pointed out, were made, this would not meet the evil as classification exists to-day, and the plan would be the same as at present. The plan of the affirmative will not do away with fric-

tion, though the Interstate Commerce Commission and the Bureau of Corporations have done away with friction between state and national governments. The evils of our railroads have been controlled and they are made to come up to a certain standard and there is no need of discriminatory legislation by the states. The Bureau of Corporations can have power over this. There are evils existent in all industrial life and the better plan should be chosen, either the impractical, radical and untried plan of the affirmative or the plan proposed by the negative which has proved its efficiency and which is in operation at the present day.

REFERENCES

The following list was prepared for the use of all Princeton men who were studying the question:

SPECIAL BIBLIOGRAPHIES.

Library of Congress. Select list of references on federal control of commerce and corporations, 1903. Library of Congress. List of more recent works on federal control of commerce and corporations, 1907. Library of Congress. A list of books, with references to periodicals, relating to railroads in their relation to the government and the public, 1907. Library of Congress. List of books, with references to periodicals, relating to trusts. Third edition, 1907. Library of Congress. List of books relating to government regulation of insurance. Second edition, 1908.

HISTORICAL REVIEW OF DEVELOPMENT OF STATE AND FEDERAL POWERS.

(The political and constitutional histories of the United States should be consulted, in addition to the books cited below.)

1. The United States under the articles of confederation. ***The Federalist.*** Fiske, John. ***The critical period.***

2. The constitutional convention of 1787. Curtis, G. T. *Constitutional history of the United States,* vol. 1, pp. 257–697. Hart, A. B. *Actual Government,* pp. 48–59. Hart, A. B. *Formation of the union,* chap. 6. Meigs, W. M. *The growth of the constitution in the federal convention of 1787.* United States, Department of State. *Documentary history of the constitution.* 3 vol.
3. The constitution as interpreted in actual practice and by the supreme court before Calhoun. Internal improvements. Rhodes, J. F. *History of the United States,* vol. 1, chap. 1. Von Holst, H. *Constitutional history of the United States,* vol. 1.
4. The doctrine of states' rights. *Works of Jefferson and Calhoun.* Granger, M. M. *Washington versus Jefferson.* Rhodes, J. F. *History,* vol. 1, chap. 1 and 2.
5. The doctrine of centralization. *Works of Hamilton, Marshall, and Webster.* Thorpe, F. N. *Constitutional history of the American people.* 2 vol.
6. The civil war and centralization. Burgess, J. W. *The Civil war and the constitution.* 2 vol.
7. Present working of federal and state governments. Bryce, J. *American commonwealth,* vol. 1, chap. 2, 28, 36, 38, 40–46. Cooley, T. M. *General principles of constitutional law in the United States.* Chap. 10, 11. Cooley, T. M. *A treatise on constitutional limitations.* Goodnow, F. J. *Comparative administrative law.* Vol. 1, books, 2, 3. Hart, A. B. *Actual government.* Chap. 6, 26, 27, 30. Hart, A. B. *Introduction to the study of federal government.* Wilson, Woodrow. *Congressional government in the United States.* Chap. 7.

GENERAL LIST OF BOOKS AND ARTICLES.

(Omitting periodical articles since 1907.)

Adams, C. F., *The Federation of the railroad system;* Adams, C. F., *Railroads: their origin and problems; The administration's trust plan* (in Public Opinion, 37: 807); Allen, C. C., *National control of public waterways* (in American Law Review, 38: 321); Amidon, C. F., *The constitution and the corporations* (in Outlook, 37: 19); Bascom, J., *Industrial corporations* (in Moody's Magazine, 1: 401); Beale, J. H. and Wyman, B., *Railroad rate*

regulation; Beck, J. M., *The federal power over trusts* (in Annals of the American Academy, 24:89); Bigelow, M. M., *New national forces and the old law* (in Atlantic Monthly, 98:726); Bigelow, W., *Constitutional difficulties of trust regulation* (see Annals of the American Academy, 26:656); Bonham, J. M., *Railway secrecy and trusts;* Borgmeyer, C. L., *The American corporation legal manual;* Brown, D. W., *Concerning the constitutionality of the law regulating inter-state railway rates* (in Columbia Law Review, 6:497); Brown, D. W., *The concurrent power of the states to regulate inter-state and foreign commerce* (in Columbia Law Review, 5:298); Butterfield, O. E., *Limitations upon national regulation of railroads* (in Annals of the American Academy, 26:629); Byall, J. B. *The American system of improving and administering commercial facilities* (in Annals of the American Academy, 24:489); Byckman, J. W., *Despotism of combined millions* (in New England Magazine, n.s., 34:336); Carnegie, A., *Problems of to-day.* "My experience with railway rates and rebates;" Chaplin, H. W., *National incorporation* (in Columbia Law Review, 5:415); Clemens, S. L., *Chapters from my Autobiography* (in North American Review, 184:1); Cleveland, F. A., *The relation of auditing to public control* (in Annals of the American Academy, 26:665); Conyngton, T., *The modern corporation;* Cooley, T. M., *Federal taxation of lotteries* (in Atlantic Monthly, 69:523); Coudert, F. R., *Constitutional limitations on the regulation of corporations* (in Columbia Law Review, 6:485); Cowles, J. L., *A general freight and passenger post;* Cushing, H. A., *Review of E. P. Prentice's "Federal power over carriers and corporations"* (in Political Science Quarterly, 22:716); Dabney, W. D., *The public regulation of railways;* Dana, W. F., *Federal restraints upon state regulation of railroad rates of fare and freight* (in Harvard Law Review, 9:324); Dawes, C. G., *The Sherman anti-trust law* (in North American Review, 183:189); Dewey, D. R., *National problems,* 1885–1897. Chap. 6 and 12 (in The American Nation: a History, vol. 24); Dill, J. B., *National incorporation laws for trusts* (in Yale Law Journal, 11:273); Dixon, F. H., *The interstate commerce act as amended* (in The Quarterly Journal of Economics, 21:22); Dixon, F. H., *State railroad control;* Dodd, S. C. T., *Combinations: their uses and abuses; with a history of the Standard oil trust;* Dodd, S. C. T., *The present legal status of trusts* (in Harvard law review, 7:157); Dodd, S. C. T., *Ten years of the Standard oil trust* (in Forum, 13:300); Dodge, J. R., *The Discontent of the farmer* (in Century magazine, 43:447, see p.

452); Donnelly, J. C., *One phase of federal power under the commerce clause of the constitution* (in Michigan Law Review, 2:670); Dos Passos, J. R., *Commercial trusts;* Dos Passos, J. R., *The inter-state commerce act;* Edwards, C., *Railway nationalization; Federal control of corporations* (in Current Literature, 38:105); *Federal control of corporations* (in Outlook, 81:1046); Finch, J. A., *Federal anti-trust decisions,* 2 vol.; Fink, H., *Regulation of railway rates;* Flint, C. R., etc., *The trust: its book;* Fouse, L. G., *State regulation of insurance* (in Annals of the American Academy, 24:67); Freund, E., *The police power,* chap. 3; Garner, J. W., *The northern securities case* (in Annals of the American Academy, 24:123); Grayson, J., *Trust laws. Act to regulate commerce* (as amended) and acts supplementary thereto, 1887–1903; Greeley, L. M., *What is the test of a regulation of foreign or interstate commerce?* (in Harvard Law Review, 1:157); Gregory, C. N., *Federal treaties and state laws* (in Michigan Law Review, 6:25); Gregory, S. S., *The commerce clause of the federal constitution and two recent cases dealing with it* (in Michigan Law Review, 5:419); Hackett, F. W., *The power of Congress to prescribe railroad rates* (in Harvard Law Review, 20:127); Hadley, A. T., *Ethics of corporate management* (in North American Review, 184:120); Hadley, A. T., *Railroad transportation;* Haines, H. S., *American railway management;* Haines, H. S., *Railway corporations as public servants;* Haines, H. S., *Restrictive railway legislation;* Hamlin, C. S., *Inter-state commerce acts indexed and digested;* Harmon, J., *Address . . . on his inauguration as Governor of Ohio,* January 11, 1909; Hendrick, F., *The power to regulate corporations and commerce;* Hillyer, C. R., *Interstate commerce law, as changed by the act of June 29, 1906;* Hudson, J. F., *The railways and the republic;* Huebner, S., *Federal supervision and regulation of insurance* (in Annals of the American Academy, 26:681); *"Injunction-proof" laws* (in Nation, 85:508); James, F. B., *Commercial aspect of uniform state laws* (in Michigan Law Review, 5:509); Johnson, E. R., *American railway transportation; Judge Farrar's plan* (in Outlook, 86:85); Kirkman, M. M., *The science of railways,* vol. 8. Economic theory of rates. Private versus government control of railroads; Knapp, M. A., *Government regulation of railroad rates* (in Report of New York state bar association, 18:93); Knapp, M. A., *National regulation of railroad rates* (in Annals of the American Academy, 26:613); *A lawless legislature* (in Outlook, 87:833); Lee,

B. H., *Limitations imposed by the federal constitution on the right of the states to enact quarantine laws* (in Harvard Law Review, 2:267:293); Lewis, C. T., *The scope and limits of congressional legislation against the trusts* (in Annals of the American Academy, 24:111); Lewis, G. H., *National consolidation of the railways of the United States;* Lurton, H. H., *The relation of the federal and the state judiciary to each other* (in Michigan Law Review, 1:169); McClain, E., *Constitutional law in the United States;* McClain, E., *Federal protection against state power* (in Harvard Law Review, 6:405); Mack, W., etc., *Cyclopædia of law and procedure,* vol. 7, 10, 25; Mackay, J. S., and Morgan, C. L., *New Jersey digest,* 1898–1907; McReynolds, S., *The Home of trusts* (in World's Work, 4:2526); *Making corporations amenable to law* (in World's Work, 12:7469); Marburg, T., *State interference* (in Proceedings of the American Political Science Association, 2:187); Mason, H. D., and Hoguet, R. L., *Supplement to Brightly's New York digest,* vol. 1; Mather, R., *Constitutional construction and the commerce clause* (in Reports of American Bar Association, 20:279); Maxey, E., *Federal control of insurance* (in American Law Review, 39:182); Merritt, A. N., *Federal regulation of railway rates;* Meyer, H. V., *Government regulations of railway rates* (in American Economic Association Publications, ser. 3, vol. 7, no. 1, pp. 69–83); Montague, G. H., *Trusts of to-day;* Montgomery, H. E., *Federal control of interstate commerce* (in Annals of the American Academy, 26:342); Moody, J., *Manual of railroads and corporation securities,* 1908; Morawetz, V., *The power of congress to regulate railway rates* (in Harvard Law Review, 18:572); Morgan, A., *The people and the railways,* chap. 10–14 and appendix 1; *New fields for federal power* (in Nation, 82:131); *New Jersey. Department of state. Laws . . . relating to business companies;* Newcomb, H. T., *The facts about railroad rates;* Newcomb, H. T., *The regulations of interstate railways;* Newcomb, H. T., *The work of the interstate commerce commission;* Noyes, W. C., *American railroad rates,* chap. 9, 10; Noyes, W. C., *Intercorporate relations; Past experience of federal responsibility for corporations* (in Commercial and Financial Chronicle, 81:1818); Peirce, E. B., *Digest of decisions under act to regulate commerce,* 1887 to 1908; Pennsylvania Laws; Pierce, F., *Federal usurpation;* Potter, W. P., *State control of corporations* (in Outlook, 82:96); Prentice, E. P., *Chief Justice Marshall on federal regulation of interstate carriers* (in Colum-

bia law review, 5:77); Prentice, E. P., *Congress and regulation of corporations* (in Harvard Law Review, 19:168); Prentice, E. P., *The federal power over carriers and corporations;* Prentice, E. P., *State monopolies of interstate commerce* (in North American Review, 178:499); *The President's (Roosevelt's) speech* (in Outlook, 82:873); Prouty, C. A., *Rate regulation as a federal function* (in The World To-day, 8:424); Robson, F. E., *The interstate commerce clause and state control of foreign corporations* (in Michigan Law Review, 5:250); Russell, A., *Congress should abrogate federal jurisdiction over state corporations* (in Harvard Law Review, 7:16); Seligman, E. R. A., *Government ownership of quasi-public corporations* (in Gunton's Magazine, 20:305); Smalley, H. S., *Railroad rate control in its legal aspects* (in American Economic Association. Publications, ser. 3, vol. 7, no. 2, pp. 327–473); Smith, H. K., *Incorporation by the States* (in Yale Law Journal, 14:385); Smythe, W. E., *Constructive democracy,* part 2, especially chap. 14, pp. 176–185; Snider, G. E., *The taxation of the gross receipts of railways in Wisconsin* (in American Economic Association. Publications, ser. 3, vol. 7, no. 4, pp. 521–658); Snyder, W. L., *Annotated interstate commerce act and federal anti-trust laws;* Spelling, T. C., *Bossism and monopoly;* Spencer, S., and Willcox, D., *Interstate commerce, Brief as to proposed new legisation;* Stickney, A. B., *The railway problem;* Stickney, A. B., *State control of trade and commerce;* Stimson, F. J., *The American constitution;* Stimson, F. J., *Federal and state constitutions of the United States;* Story, J., *Commentaries on the constitution,* vol. 2; *Texas regulation of corporations* (in World's Work, 11:7255); Thacher, T., *Federal control of corporations* (in Yale Law Journal, 14:301); Thayer, J. B., *Cases on constitutional law,* vol. 2, pp. 1783–2191, especially 2190–1; Thompson, S. D., *Federal jurisdiction in case of corporations* (in American Law Review, 29:864); Tiedeman, C. G., *State and federal control of persons and property,* 2 vol.; Trickett, W., *The Dartmouth college paralogism* (in American Law Review, 40:175); *Two objections to federal license* (in World's Work, 9:5779; see also p. 5773); United States. Bureau of corporations. *Report of the commissioner,* December, 1904 (in 58th congress, 3d session, House documents, vol. 51, doc. no. 165); United States. Bureau of corporations. *Report of the commissioner on the beef industry,* March 3, 1905; United States. Bureau of corporations. *Report of the commissioner on the transportation of petroleum,* May 2, 1906; United States. Bureau

of corporations. *Annual reports of the commissioner*, 1904–8; United States. Bureau of corporations. *Statement of the commissioner . . . in answer to the allegations of the Standard Oil Company*, 1907; United States. 51st congress, 1st session. Congressional record, vol. 21, part 3, p. 2727 (Senator Edmunds' speech); United States. 58th congress, 2d session. Senate documents, vol. 6, doc. no. 232. *The Northern securities company and others vs. the United States;* United States. 58th congress, 3d session. House documents, vol. 100, doc. no. 422 (Hearings on bills to amend interstate commerce act); United States. 59th congress, 1st session. Congressional record, vol. 40, parts 1-10 and index. (Especially speeches by Senators Bailey and Spooner on railroad rate legislation); United States. 59th congress, 1st session. House reports, vol. 1, reports no. 2118 and 2119, pt. 2 (Pure food); United States. 59th congress, 1st session. House report, no. 2491 (Regulation of corporations); United States. 59th congress, 1st session. Senate documents, vol. 21, doc. no. 244 (Digest of hearings on regulation of railway rates); United States. 60th congress, 2d session. House report, no. 2143 (Enlarge interstate commerce commission); United States. 60th congress, 2d session. Senate document, no. 691 (Acts of congress affecting railroad employees); United States, Senate committee on interstate commerce. *Regulation of railway rates. Hearings before the committee.* Dec. 16, 1904 . . . May 23, 1905; United States. Industrial commission. Reports 1900–1902, vol. 19, especially pp. 481–4; United States. Interstate commerce commission. *Act to regulate commerce* (as amended), 1908; United States. Interstate commerce commission. *Digest of proceedings in the 59th congress, 1st session, relating to railroad rates;* United States. *Interstate commerce committee.* Report, 1886; United States. Supreme court. *Reports, book* 38 (See J. H. Reagan v. the Mercantile Trust Company, p. 1028); United States. Supreme court. *Reports,* book 42. (See Smyth, C. J., v. Ames, O., &c., p. 819); Walsh, J. W., *National supervision of insurance* (in American Law Review, 38: 181); Walz, W. E., *Federal regulation of quarantine* (in Michigan Law Review, 4: 189); Welch, J. C., *The interstate railway solvent* (in North American Review, 145: 86); Whitney, E. B., *The latest development of the interstate commerce power* (in Michigan Law Review, 1: 615); Wilgus, H. L., *Federal license or national incorporation* (in Michigan Law Review, 3: 264); Wilgus, H. L., *Need of a national incorporation law* (In Michigan Law Review,

2:358); Wilgus, H. L., *Private corporations: annotated cases*, 2 vol.; Wilgus, H. L., *A proposed national incorporation law* (in Michigan Law Review, 2:501); Wilgus, H. L., *A study of the United States steel corporation in its industrial and legal aspects;* Wilson, Woodrow, *Constitutional government in the United States;* Wisner, C. V., *The constitutionality of federal legislation concerning employer and employee engaged in interstate and foreign commerce* (in Michigan Law Review, 5:639); Young, J. S., *A political and constitutional study of the Cumberland road.*

ARTICLES IN PERIODICALS, 1908–9.

Moody's Magazine, 5:124. H. E. Montgomery. Federal tax on corporations.

Review of Reviews, 37:96. When Missouri owned the railways.

Outlook, 88:105. Practical regulation of railways.

Arena, 39:217. Popular reaction against extreme centralization.

Outlook, 88:377. Senator Knox on the new federalism.

Outlook, 88:467. What has the interstate commerce commission accomplished.

Arena, 39:307. W. E. P. French. United States trust.

Harper's magazine, 116:618. H. E. Gregory and A. G. Keller. Controlling conditions of commerce.

North American Magazine, 187:388. G. W. Perkins. Corporations in modern business.

Putnam's Monthly, 3:705. H. Quick. Railways and waterways.

Review of Reviews, 37:348. The railroads' power in the state.

Outlook, 88:801. Limitations of the states.

Journal of Political Economy, 16:303. Change in federal control of corporations.

North American Review, 187:684. Woodrow Wilson. The states and the federal government.

Quarterly Journal of Economics, 22:364. H. C. Adams. Administrative supervision of railways under the twentieth section of the act to regulate commerce.

Review of Reviews, 37:628. Corporations in modern business.

Independent, 64:1067. J. A. Johnson. The political situation.

Current Literature, 44:586. Federal control of inland waterways.

North American Review, 187:886. W. W. Cook. Governmental railroad holding company.

Review of Reviews, 37:711. F. K. Lane. Railroad capitalization and federal regulation.

Nation, 86:580. Review of Franklin Pierce's Federal usurpation.

Annals of the American Academy, 32:212. T. E. Burton. Development of the federal government.

Annals of the American Academy, 32:125. S. Fish. The nation and the railways.

Annals of the American Academy, 32:262. J. R. Garfield. Remarks on Mr. Williams' speech.

Annals of the American Academy, 32:75. T. Gompers. Attitude of labor towards government regulation of industry.

Annals of the American Academy, 32:3. P. S. Grosscup. The government's relation to corporate construction and management.

Annals of the American Academy, 32:218. C. M. Hough. The nation should superintend all carriers.

Annals of the American Academy, 32:235. H. M. Hoyt. Corporate regulation by state and nation.

Annals of the American Academy, 32:138. G. C. Huebner. Five years of railroad regulation by the states.

Annals of the American Academy, 32:120. E. R. Johnson. The trend of government regulation of railroads.

Annals of the American Academy, 32:97. M. A. Knapp. The public and the railways.

Annals of the American Academy, 32:34. T. Marburg. Amendment of the Sherman anti-trust law.

Annals of the American Academy, 32:102. R. Mather. How the states make interstate rates.

Annals of the American Academy, 32:157. W. W. Pierson. Regulation of foreign commerce by the interstate commerce commission.

Annals of the American Academy, 32:225. J. L. Slayden. Railway regulation in Texas.

Annals of the American Academy, 32:30. H. K. Smith. The public regulation of corporations.

Annals of the American Academy, 32:185. J. S. Williams. Federal usurpation.

Annals of the American Academy, 32:240. T. Williams. No combination without regulation.

World's Work, 16:10409. Roosevelt on state rights.

Independent, 65:137. G. H. Montague. Future of the Sherman anti-trust act.

North American Review, 188:321. H. W. Rogers. The constitution and the new federalism.

Political Science Quarterly, 23:402. J. W. Burgess. Chief questions of present American politics.

Outlook, 90:13. Origin of the Roosevelt policy.

Arena, 40:273. C. S. Vrooman. Square deal for the railroads.

McClure's magazine, 31:665. B. J. Hendrick. Battle against the Sherman law.

Independent, 65:920. D. F. Wilcox. Issue beyond the parties.

Chautauquan, 52:326. Commodities clause cases.

Quarterly Journal of Economics, 23:34. F. H. Dixon. Railroads in their corporate relations.

Arena, 40:553. C. S. Vrooman. Our railroad riddle.

Outlook, 90:811. The President on industrial democracy.

Outlook, 90:895. The power of the interstate commerce commission.

Arena, 41:20. C. S. Vrooman. Highly-efficient state railway administration.

Review of Reviews, 39:57. C. E. Lakeman. State control of water-power.

Independent, 66:207. Centralization in state affairs.

Outlook, 91:320. Standard oil in Missouri and Texas.

Independent, 66:383. State partnership with business.

American Magazine, 67:506. W. A. White. The old order changeth.



INITIATIVE AND REFERENDUM

III

INITIATIVE AND REFERENDUM[1]

In the triangular debate between Ohio Wesleyan University, Oberlin College, and Western Reserve University the negative won in each debate. Resolved, That the Initiative and Referendum should be made a part of the legislative system of Ohio.

The following arguments were presented by the two teams representing Ohio Wesleyan University.

FIRST AFFIRMATIVE, I. T. GILRUTH,[2] OHIO WESLEYAN.

The fact that eight states have already adopted the initiative and referendum, and that fifteen others are in the process of securing it shows that it is no new move in state politics.

The initiative may be defined as the "power of the people to propose legislation to be acted upon" and the referendum as "giving to the people the right to reject or accept legislation." These definitions are the ones used by the Documental Department of our State Library in their publication of this year, concerning Initiative and Referendum.

The legislative system of any state is that granted it by its constitution so by making it a part of the legis-

[1] The synopsis of these speeches was prepared under the direction of Lucy Dean Jenkins, Professor of Oratory, Ohio Wesleyan University.

[2] The negative of this debate was upheld by Oberlin College.

lative system it should be incorporated in the state constitution in the form of an amendment.

We are debating a proposition of government. There are certain principles on which all rule is founded, which underlie all government, either federal or state, and on these principles both affirmative and negative must rest their argument.

Such words as "a government of the people, for the people and by the people" are no longer a mere expression. They have meant and mean far more to the American people. There is however, one principle that towers far above all others in its importance, in its fundamental nature, in its general acceptance. It is all government shall exist by the consent of those governed. Jefferson, Hamilton, Madison, and the ablest interpreter of our constitution of his or any other day, John Marshall, were agreed on the essentiality of that one principle. We, the people of Ohio, deemed this so important that in our constitution we wrote these words: "All political power is inherent in the people. Government is instituted for their equal protection and benefit, and they have the right to alter, reform, or abolish the same whenever they may deem it necessary."

In order to explain the demand for the initiative and referendum let us briefly review our present representative system. It was inaugurated when every representative could, by reason of the small number he represented, come in contact with his constituents. Their wishes might be determined and responsibility rested on the representative to enact the will of the people. To-

day conditions are greatly altered. The representative cannot come in contact with more than three or four per cent of his constituency and his responsibility to those whose votes he has secured is very much lessened. As a result the people of Ohio are suffering under two government hardships. First: we are failing to have passed, laws which we want and of which we stand in great need. Second: we are putting on our statute books laws that we do not want and do not need, thus making laws that cannot be enforced and thereby weakening the force and majesty of our law in general. To illustrate — Ohio has long wanted a law that would provide for state bank examination. The Republican and Democrat party leaders both pledge themselves to the support of such a law, but the law does not appear on our statute-books because the heads of several large banking institutions, who were doing an illegal business, formed themselves into a lobby and their wishes carried greater weight in the General Assembly than the people, the sovereign power of the state if we are to believe our constitution.

Third, we need the initiative and referendum in Ohio to-day, in order that the independent voter may still have his constitutional right of expressing his opinion at the polls. But here is a citizen that believes in something that is not found in his candidates platform. Under the present representative system he cannot express himself, but under this system, plus the initiative and referendum, he can express himself on the things that are not in the platform. "The independent voter," said

Gov. Hughes in a recent address, "is the flower of every state's citizenship and her only safe-guard," and it is this class whose influence we are to secure through this legislative provision.

This morning these words appeared on the front page of the leading Republican journal of the capital city; "People betrayed," "The most powerful ring in the state's history seems to have the legislature by the throat." Then followed a story of disgraceful misrepresentation on the part of men who were elected to the General Assembly to enact the will of the people instead of plundering them by the famous or rather infamous "Mileage Grab" of 1909. These events were but the climax of a long series of gross injustices and betrayals on the part of state legislatures.

The question naturally arises: How do these evils come about? What is their cause? The constitution of the state says that the people may petition their General Assembly. There the provision stops, and there evils arise. The initiative and referendum provides that the people may petition, and if the petition is disregarded the matter may then be brought before the people at large. This eliminates the possibility of the evils of the present as is witnessed by their decline in states having adopted the initiative and referendum.

SECOND AFFIRMATIVE, H. A. WELDAY, OHIO WESLEYAN.

Notice, in the first place, that this plan specifically states that the legislative power shall be vested in the

General Assembly. But that our representative system may be truly representative, we reserve to the people power to propose laws by petition signed by ten per cent of the legal voters of the state, and supported by two-thirds of the congressional districts. This is known as the Initiative. The power of the Initiative is necessary in this state for two reasons:

First: Because our present Legislature cannot represent the complicated interests of Ohio. When this state was admitted into the Union, it was an agricultural state. The population was sparse, and since there were really no complex problems, our senators and representatives then chosen could fairly represent their constituents. But to-day all is changed. Our state is now half agricultural and half industrial. A teeming population is congested in a few cities. These changes give rise to new and complicated problems — problems that have to do with sociology and ethics rather than technical law.

In the second place the Initiative is necessary because our people, at present, have no means by which they can force the legislature to consider public opinion. In times past public opinion found an excellent avenue through advisory petitions. But advisory petitions hardly ever reach the ears of our Senators and Representatives because of the "din" of the lobbyist. The lobbyist, as has been strikingly demonstrated the last two weeks, gets to the State House before "public opinion" and "grabs his claim." Thus many good laws, backed by the popular sentiment of the state, have been smothered, just because a few (not all, I am glad to say) of

our Senators and Representatives find it more profitable to adhere to special interests than to listen to the appeal of public opinion. "If our Legislature," as Oberholtzer says, "is to develop traits like these, there are plainly very great evils at hand, for which we are justified in seeking some remedy." Our remedy is the Initiative. It opens up to public opinion an avenue through which it can express itself, and by which it can force the legislature to act — which results cannot be secured under our present representative system.

Secondly: Any law, or part of a law passed by the General Assembly may be referred to the people by petition for their final acceptance or rejection. All petitions must be signed by eight per cent of the electors and supported by two-thirds of the congressional districts. This is the optional referendum. Optional Referendum is no radical move. As the law now stands, the people may vote on any measure at the option of the Legislature. All that is new in this proposed policy is that the people, at their own option, may vote on the acts of the Legislature. Why this change from the option of the legislature to the option of the people? Because, as the Editor of the "Independent" says: "The people are less likely to be manipulated by designing, selfish, and corrupt men." That some of the members of our Legislature are thus manipulated and influenced by a corrupt lobby to place vicious laws upon the statute books, is a well-known fact to us all. I refer you to the sleeper in the recent Depository law, "drafted by a specialist for whom you plead," which cuts out Twenty Million Dol-

lars of Cincinnati bonds; also to the Gillet Bill passed by the Senate last week, increasing the salaries of the County Recorders. "This bill," said Senator Duvall, "last Monday night, was rushed upon the calendar and passed by sheer force of might. And yet," he exclaims, "the political leaders of this state wonder why the sentiment for the Initiative and Referendum is growing so rapidly."

In the third place: All acts of the Legislature remain in abeyance for ninety days, except such as are necessary for the immediate preservation of public peace, health and safety, which acts, in order to be valid, must receive two-thirds vote of each House; and, furthermore, the conditions creating the same must be placed upon the emergency bill. This means that every law or part of a law, except emergency measures, passed by our law-making body shall be open to the search-light of public opinion for three months. Now, suppose that during this period a bill passed by the last legislature is found to be bad, then, under this clause of our amendment, the people will have ample time to circulate a petition asking for the reference of this law to the direct vote of the people at the polls, and there this vicious law would become a dead letter. But, under our present system, this bad law would immediately be placed upon the statute books and there remain to work evil upon the people and to heap discredit upon the whole General Assembly.

The fourth point of our plan deals with the manner in which these petitions are to be made up. To guard

against sectional or class legislation, this amendment is under restrictions that will preclude the possibility of any certain sections bringing forth legislation with but narrow limits, for every initiative petition must be signed by ten per cent of the legal voters, and every referendum petition by eight per cent of the electors, and both are to be supported by two-thirds of each of the Congressional districts. In other words, we do not ask that one hundred and eighteen men, as in our Lower House, shall have the power of the Initiative, neither do we contend that forty men, as in our Senate, shall have the power to hold up legislation which, for any reason, they themselves object to; but we simply ask that when there is a popular sentiment for or against any measure that one hundred thousand, and eighty thousand, scattered over forty-five counties, may demand the action of all the qualified citizens upon any law. This feature of our plan, is self-evident proof that it is conservative.

Now let us consider the fifth clause of our plan, namely, any measure referred to the people shall become a law when it is approved by forty per cent of all the votes cast for the Governor at that election. But our negative friends may ask: "How about those who vote for the Governor and do not vote on the Referendum?" These must fall under one of two classes. First, those who were not well informed on the measure under consideration, and so did not vote. Secondly, those who were honestly opposed, and so intelligently voted against it. Therefore, since the failure of the first class to vote does not influence the adoption or rejection of any measure;

and since the intelligent vote of the second class must adopt or reject every measure, it must necessarily follow then that under the Initiative and Referendum the influence of the incapable is eliminated and the free, honest, intelligent expression of opinion on every measure is obtained. Such results, honorable judges, are sought in every well-regulated government, but which results, we maintain, are impossible under our present system of party rivalry.

And now we come to the last point of our plan. This amendment will in no way affect or abrogate the power of our courts to pass upon the constitutionality of any law, however enacted. Therefore, the same power behind this clause of our amendment stands behind the judiciary in the enforcement of the same.

THIRD AFFIRMATIVE, RALPH W. SOCKMAN, OHIO WESLEYAN.

In furthering the argument of the affirmative let us consider some of the attendant and more positive benefits of the Initiative and Referendum.

First, it would dignify our laws. It is well known that under the present system laws are passed hurriedly and in great numbers. New Jersey, at one session, passed her statutes at the rate of one law every fifteen minutes of session; other states have reached almost the thousand mark in a single year; and Ohio has not fallen far behind in this respect. One of our conscientious legislators confessed that he could not read one-tenth of the

bills voted on and far less of those proposed. Such injustices are possible under the present highly organized committee system. What is the natural result? Many laws go on our statute books backed up only by the author and the committee — laws supposedly made by the people's representatives by which the whole state is to be governed.

But under the proposed system, this hasty ill-advised legislation will be checked. Every bill will be held up before the public and the people will be given the chance to study and discuss it, and if eight per cent of the voters be opposed, to reject it. When once a law goes down on the statute-books, it will be there by the expressed or implied consent of the whole people and not of a mere committee. Every executive will know that the public opinion of the state is behind that law and consequently he will feel more clearly his duty to enforce it. This can only be secured by a system which puts behind every law the expressed or implied consent of every locality and of every class, and such a system is the Initiative and Referendum.

Secondly, the Initiative and Referendum will educate the people in the art of government. It is an established principle that the welfare and efficiency of any administration varies in direct proportion to the interest which the people have in that administration. George Bancroft, the historian, looking back over the history of governments said: "Public happiness is the true object of legislation and can only be secured by the masses of mankind themselves awakened to a knowledge and care

of their own interests." But the gentlemen of the opposition declare that the people generally are not now sufficiently interested in the government, and by this they admit the failure of the present system in this respect.

This is not mere theory. Its truth has been demonstrated in Oregon. The Master of the Oregon State Grange wrote last fall that the Initiative and Referendum had amply proved its value as an educational agency and that it had been worth more than its cost as an educator alone. The very fact that the people of Oregon voted wisely and discriminatingly on nineteen different measures at the 1908 election is sufficient proof of popular interest and study.

Thirdly, the Initiative and Referendum will simplify our elective system. The basic principle of party government is that the political party is a tangible means by which the people can express their approval or disapproval of some past or future policy. Now the gentlemen of the negative must hold to one of two things.— Either political parties do stand for something in our state or they do not. If they hold that our parties mean nothing, then upon what do they base our whole elective system? Take away party responsibility, and voting becomes a mere lottery. Surely they will take no such position as that.

But if they maintain that political parties do express the wishes of their members, then they are upholding the very principle of the Initiative and Referendum. Theoretically our political parties express the people's will, practically they often do not.

By eliminating this confusion of measures, and of men and measures, this amendment furnishes the means of putting our basic political theory into practice and of making the ballot a clear expression of the people's will.

FIRST NEGATIVE, E. H. MOHN,[1] OHIO WESLEYAN.

Love of liberty and social justice are structural principles of our government. Virginia had tried Aristocracy and failed. Massachusetts and the other colonies had the same experience. Democracy was found unwieldy. Finally, in 1787, representative government, of the people, by the people and for the people was forever established. And no one can deny that our whole system of government was secured on this basic principle. Consequent results have been equally as triumphant in applying the principle, as the government in expressing social equality and individual freedom. Our representative government of, by and for the people gave us a victory in revolutionary war. It gave us stability and wisdom in the commercial upheaval of 1812. Abraham Lincoln together with the greatest statesmen of all American history declared that this same government was the bulwark of justice and progress; and unchanged, unaltered it preserved us through Civil war, then cemented together its people with an eternal devotion. But to-day, in Ohio, in an age of stupendous industrial achievement, when

[1] The affirmative in this debate was upheld by Western Reserve University.

Capital and Labor are involved in terrible strife, the same leveling influence and foresight of our representative government arbitrates and judges in behalf of justice and right. Yet in the face of these facts, our opponents propose a plan, the Initiative and Referendum, by which these opposing forces throughout the State may use our government of, by and for the people, for the particular interests of parties, sections, corporations, unions, and other organizations of the State.

They propose the Referendum by which a petition, easily secured may hold up and defeat very important legislation. Only eight per cent of Ohio's voters may bring any of the most vital issues of the day to popular vote, which means that any number of citizens (10 or 10,000) may legislate for all of the people of the state if only a majority of those voting adopt or reject the proposition. They propose the Initiative whereby ten per cent of the voters may prepare any scheme and force it upon our statute books although a mere handful of citizens have adopted it.

This, is the revolutionary attitude of the affirmative to our government. The burden of proof, in this question, now rests upon them to show: 1st. That conditions in Ohio demand such a radical change, because our present legislative system, as a system, is inadequate. 2nd. They must prove that Initiative and Referendum would supply this supposed inadequacy, and at the same time preserve our present system. For they have affirmed that Initiative and Referendum ought to be made a part of the legislative system of Ohio.

In the first place, the Initiative and Referendum cannot give us a better legislative system because it is not necessary. Neither conditions nor the people of Ohio demand it. The principles of this democratic movement are directly opposed to the inherent principles of our industrial and political life. Ohio is fast becoming an industrial state. The problems and complexities of industrial and commercial activity require complex systems and special workmen in every important field. So too with our government. The problems and complexities of political life demand special experts who are representatives of the people. Hence the general trend of conditions is not toward Democracy, but toward specialization and division of labor which principles are diametrically opposed to the principles of Initiative and Referendum. Moreover the people of Ohio are not discontented with our present system. Even Mr. Bigelow, the leader of this movement in Ohio, admitted to me in personal conversation that there is no immediate and imperative need for a change in our system. And yet friction between the people and their government has been a chief requisite wherever Initiative and Referendum has been adopted. The government became very corrupt and the people struggled for supremacy. But no such friction exists in this state to make the change necessary.

Again Initiative and Referendum is unnecessary because public opinion is adequately expressed through our present legislative system. Our state constitution guarantees to the people an open and sure recourse to their

representative. The people have the right to instruct, petition, and use all possible influence to direct legislation. As an added security the representative is held responsible to his constituents who have elected him to consider seriously their opinions. Here then our present system affords a channel through which public opinion may express itself in legislation. Every important measure first has a hearing in a committee meeting where the public may be represented. And through this channel Ohio people secure the laws they need. Ohio has the best Child Labor Laws in the United States. We have secured under our system what Oregon spent thousands of dollars to secure by the Initiative and Referendum. Oregon adopted a direct primary law, our present system gave Ohio the same. Oregon passed a local option law, Ohio secured a better one. Oregon has an unjust tax on certain corporations, Ohio has an equitable law taxing corporations. The only conclusion to these facts is, that Initiative and Referendum is not necessary in Ohio.

SECOND NEGATIVE, O. S. MC FARLAND, OHIO WESLEYAN.

Not only is the Initiative and Referendum unnecessary, but we will further prove that the proposed plan is inefficient, because it breeds greater evils than it pretends to check. First. In giving us laws supposed to check imaginary evils, the proposed plan fails to meet existing needs. — The State of Ohio is rapidly changing from an agricultural to an industrial state, and in consequence of

the many complexities which naturally follow, many grave industrial problems are continually arising, which require complicated legislation, and, the voters of Ohio are not able by their knowledge of these questions, and by their legislation, to wisely meet the requirements of these most complicated industrial problems.

Not only is the proposed plan inefficient because it fails to meet existing needs, but, because it would weaken our Legislature, and thereby cripple our means of securing effective legislation. It would do this, first, by removing from the Legislature its legislative responsibility. Any discontented man or body of men who could secure a following of eight or ten per cent, would have the same constitutional right to propose laws as any member of the Legislature. Thus, placed upon a level with the most contemptible and ignorant voter in the state, could the members of the Legislature fail to feel the lack of responsibility and the loss of influence? Furthermore, their action would not be final upon a single law, for any law which they enacted or rejected could be referred to the voters, and the voters would have the final decision on all laws, and by taking away this power, would you not weaken our legislative body?

Says Senator Root: "you cannot take power away from privileged public bodies without having the character of these bodies deteriorate." By this destruction of the finality of their acts you would give to the legislators an effective loophole for evading the responsibility for bad laws. They could justly say: "The people had the right to rescind our action and they are responsible

if they do not use this power." Again, our legislative body thus shorn of its power and responsibility, would no longer attract men of ability and integrity in as much as this class of men do not care to serve as mere figure-heads, handing out laws to be accepted or thrown back into their faces just as the people prefer.

In the second place, the proposed plan would weaken the character of our Legislature by removing from the people the responsibility of choosing good representatives. People would no longer consider good representatives absolutely necessary, they themselves can originate whatever legislation they desire or they can reject the vicious acts of an unwise representative.

Thus we see that the Initiative and Referendum sets into operation numerous forces which inevitably tend to lower the character of our legislative body, and when we consider that necessary and complex legislation calls for the calm consideration of a wise and able body of men, then we must realize the inefficiency of the plan of the opposition.

The Initiative and Referendum is inefficient in the third place, because it diffuses legislative responsibility. The gentlemen of the opposition would take the responsibility from one hundred and fifty-eight men, upon whom it is now securely fastened and scatter it among over 1,000,000 voters. The question confronting you, gentlemen, is, would the individual in that crowd, in any way, feel and shoulder the responsibility which you have placed upon him? If he has any human characteristics whatever, he will throw it upon the legislature, upon his

neighbors, or anywhere to get rid of it himself. Says Sanborn: "The way to get good government is not to scatter the responsibility among a number, so that each can evade the responsibility if the work goes ill. The approved way is to make each responsible for his appointed task and to hold him rigidly to that responsibility."

Furthermore, private or class interests, under the proposed system, could complicate any law and in the name of an emergency law could buy its way through the Legislature, because of the carelessness and indifference of the work of that body, brought about by the weakening of its character and the diffusion of its responsibility which we have proved — e. g.— out of one hundred and seventy-seven laws enacted by the Legislature of South Dakota in 1904, eighty-five were enacted as emergency laws and since the adoption of the Initiative and Referendum in South Dakota forty-seven per cent of the laws enacted by that State Legislature, have been enacted in the name of emergency laws. Thus, the proposed plan has opened up in other states and will open up in Ohio a channel for the enactment of "blinders" and "sleepers." And in the face of these facts, we must conclude that the inevitable result of such a plan, as the gentlemen of the opposition have proposed could only be the opening of a broad channel for hasty and vicious Legislation.

THIRD NEGATIVE, CONGER ROADS,
OHIO WESLEYAN.

It now remains for me to show that the Initiative and Referendum is actually dangerous because it is subversive of the fundamental principles of stable government and wise legislation.

First it is dangerous because it would destroy the equilibrium of our three departments of government, a principle of government which was the crowning achievement of the founders of our Federal Constitution. The same arrangement of powers has been copied in our State constitution, and the history of Ohio has amply justified its adoption. Notwithstanding the fact that the Affirmative advocate the proposed measure as a check upon the legislative power, its own logical result is to make the legislative the supreme and overpowering department of government. Under this system the people, than whom there is no higher authority, would be the real legislative power: for no law could go upon the statute books of Ohio without either the expressed or implied sanction of the people. Under these conditions could the judiciary and executive resist the encroachments of the legislative department? For they must still be administered by representatives of the people, mere creatures of the legislative power itself; and must therefore be entirely dependent upon the legislative power for their continuance in office. And as Madison says: If the latter assumes their functions no opposition can be made. And the inevitable tendency of each department to en-

croach upon the others, a fact recognized and guarded against by the founders of our own constitution, dispels all hope of a balanced and stable form of government in the State of Ohio. Thus at the very outset the affirmative stand committed to a policy which must inevitably subvert a principle of government sanctioned by the past history of every state in the union, and recognized, on all hands, as essential to a stable and lasting form of government.

Second, the Initiative and Referendum is dangerous because it cannot fail, in time, to obliterate the distinction between constitutional and statutory law. The only reason the constitutional law of Ohio is to-day regarded as more sacred and enduring than our statutory law is because it derives its force from a higher authority. But, as Lowell says, under the Initiative and Referendum, this distinction must vanish; and a statute sanctioned by a popular vote would be, both in theory and fact, just as authoritative as our state constitution. Consequently the Supreme Court, being further dependent upon the legislative power for its existence, must eventually lose its power of declaring laws unconstitutional. But our affirmative friends may object that this power would still be reserved to the courts by our constitution. But we merely ask them how long the people of Ohio will thus permit their own acts to be negatived by their representatives? Thus the affirmative is compelled to justify a change which must ultimately degrade the constitution of Ohio to the level of mere legislative acts, which must obliterate all distinction between constitu-

tional and statutory law, a distinction which Lowell calls the very keystone of our whole governmental system.

And lastly the Initiative and Referendum is dangerous because it would place our whole governmental system on a radical and uncertain basis. Under this policy our legislation may come from one of two sources, from the legislature or from the people. My colleague has shown you that the proposed measure must weaken our legislature, and thereby cripple our present means of securing effective legislation. Consequently the working of our government, so far as it depends upon the efficient action of a wise and able legislative body, cannot fail to be uncertain and erratic. On the other hand legislation which comes from the people must be of such a nature as to destroy the present adjustment of the conflicting interests of all the different classes of people which is so essential to a stable and permanent form of government. This legislation will be defective and will tend toward this result because it cannot fail to benefit one class of people to the prejudice of other classes. Each law thus originated will be framed entirely by an individual or a class especially interested in the measure, and for the sole purpose of advancing their own interests. When John Jones frames a law will he take the trouble to see that the rights of Bill Smith are scrupulously regarded? When the Federation of Labor or the Grange initiate laws, will they trouble themselves about the rights of the corporations of Ohio? Not unless the plan of the affirmative works as radical a change in human nature as would in our government.

Furthermore, after it is once framed, the law originated by the Initiative would admit of no compromise, no amendment. The legislature would be compelled to pass the bill exactly as it stood, without so much as crossing a "t" or dotting an "i"; or it would be referred to the people. The only recourse left to the individuals or classes who may be wronged by the law would be to oppose it at the polls. Bitter antagonism and class jealousy must be the result of this opposition. They could not resort to reason with the framers of the law and secure recognition of their rights in a way which might easily be satisfactory to all parties concerned. The importance and effectiveness of compromise in securing just and fair legislation under our present system is clearly proved by the fact that no important measure ever passes our legislature without amendment. Did the Rose County Local Option Bill pass just as it came from the pen of its framer? No. Here the advocates of the bill conceded a little; there the opponents conceded a little: and finally the bill came forth in the form of a law which should accomplish the greatest amount of good consistent with the least amount of friction. But the plan of the affirmative (in the case of laws secured by the Initiative) must remove at one stroke this possibility of adjusting legislation to the interests of all classes of people; it must facilitate the arranging of class against class; and, by destroying the present adjustment of conflicting class interests, it must inevitably place our whole government on a radical and uncertain basis.

AFFIRMATIVE REFERENCES.

Submitted by H. W. Ricketts, Alternate Affirmative Team.

I. Books.

Bryce, James. *The American Commonwealth*, vol. 1, pp. 463–76.
Commons, J. R. *Proportional Representation*, pp. 186–96.
Lieb, Hermann. *The Initiative and Referendum.*
Lowell, A. L. *Governments and Parties in Continental Europe*, vol. 11, pp. 238–300.
Oberholtzer, E. P. *Referendum in America.*
Parsons, Frank. *The City for the People*, pp. 255–386.
Ohio State Bar Association Proceedings, vol. 28, pp. 127–44.

II. Periodicals.

The Swiss Referendum, McCrackan, W. D. *Arena*, v. 3, pp. 458–64.
Direct Legislation, Commons, J. R. *Arena*, v. 22, pp. 725–39.
Initiative and Referendum News. *Arena*, v. 37, pp. 198–202, 312–19, 422–29, 546–50, 651–55.
Direct Legislation through the Initiative and Referendum, Flower, B. O. *Arena*, v. 37, pp. 627–30.
Honest Objectors, Flower, B. O. *Arena*, v. 38, pp. 71–9.
De Referendum, Loraud, G. *British Weekly*, Jan. 21, 1909.
Initiative and Referendum in Operation, Hardy, A. S. *Independent*, v. 62, pp. 1407–10.
Democracy in Switzerland, Dicey, A. V. *Nation*, v. 43, pp. 410–12, 494–96.

NEGATIVE REFERENCES.

Submitted by C. H. La Rue, alternate Negative Team.

Lowell, A. Lawrence. *Governments and Parties in Continental Europe.*
Lowell, A. Lawrence. *The Referendum and Initiative* (in International Journal of Ethics, 6: 51–63).
Commons, John R. *Proportional Representation.*

Hyslop, James. *Democracy, a study of government*, pp. 122–137.

Lecky, William Edward Hartpole. *Democracy and Liberty.*

Meyer, Ernst Christopher. *Nominating Systems.*

Bryce, James. *The American Commonwealth*, vol. 1, chap. 39.

Bradford, Gamaliel. *The Lesson of Popular Government.*

Oberholtzer, Ellis Paxson. *The Referendum in America* (chiefly historical and expository).

Ohio State Library. *Initiative and Referendum* (a compilation by C. B. Galbreath, state librarian).

Lobinger, C. S. Popular Legislation in the United States (development of the system. *Political Science Quarterly*, 23: 577–586.

Sanborn, J. B. Popular Legislation in the United States. Value of the system. *Political Science Quarterly*, 23: 577–586.

U. S. Congress. Referendum and Initiative. *House Doc.* No. 1; 57th Congress, 2d session. A report by the American minister to Switzerland.



A FEDERAL INCOME TAX

IV

A FEDERAL INCOME TAX[1]

So far as the editor of this volume has been able to ascertain, the federal income tax question was debated but once during the past year. At neither college was a report of the debate available. As this question will be widely discussed during the present year a brief list of references is given, together with a careful summing-up of the arguments on both sides of the question. The article here reprinted is by Philip S. Post; it appeared in *The Outlook* of March 2, 1907.

Is it the fairest and most equitable tax ever devised, or is it the most odious and generally condemned mode of taxation resorted to by any nation?

Twice Congress has enacted an income tax, the first in 1862, and again in 1894. The act of 1862 was a war measure, passed at a time when Congress was seeking to drain every available spring of National revenue. With the public mind engrossed with the fate of armies, the tax was adopted without any widespread discussion. Its constitutionality was upheld, the Supreme Court perhaps unconsciously feeling the imperious demand of the war that in no wise should the arm of the Government be weakened. The rates varied from three to ten per cent. The law was repealed in 1871.

On August 18, 1894, Congress again enacted an income tax. Before it had become generally operative, the Supreme Court, by a vote of five Justices to four,

[1] Copyright 1907 by the Outlook Company.

declared the law unconstitutional. It is noteworthy that its enactment had not been preceded by any general debate among the voters. The income tax was not an issue in the campaign of 1892, and the country had no serious reason for anticipating that the Congress then being elected would enact such a statute. The public interest awakened by its passage soon died away, the adverse decision of the Supreme Court having apparently removed the question from the realm of National politics. To this place it has been reinstated by the recommendations contained in President Roosevelt's annual message.

If the United States is again to adopt the income tax, it is most desirable that Congressional action should be preceded by a full and thoroughly popular debate as to its merits. This is desirable with respect to all important enactments. It is peculiarly true as to this proposed tax, which, more than any other tax known to governments, requires for its success and efficiency the support of a well-informed and thoroughly convinced public opinion.

It has seemed fitting, therefore, to present a study of the advantages and disadvantages incident to this form of taxation.

The Advantages. The income tax, say its advocates, is "the fairest and most equitable tax ever devised." In the earliest times taxation lacked equality. A tax was either a gift regulated by the generosity and loyalty of the members of the clan, or an extortion limited only by the power and rapacity of the ruler. Through the rude equity of the poll tax, falling alike upon every

male subject, by successive stages more equitable standards have been reached, until there is now a general acceptance of the maxim that income is the most equitable test by which to measure the amount that the citizen ought to contribute to the support of the Government that shelters him. "To arrange a system of taxation which shall correspond as closely as possible to the net revenue of individuals and social classes, and which shall take into account the variations in taxpaying ability, has thus become the demand of modern civilization."

In the light of the historical development of taxation, it is argued that income should appear to the lawmakers of progressive states a sound basis for the imposition of public burdens. There is an evident equity in this standard. Clearly it is the duty of the citizen to support the Government in proportion to his capacity to support himself. The test may not be absolute; but in what truer scales can be measured the distribution of these burdens? It is confidently asked, What can be fairer than that each citizen should annually contribute a just portion of his net income for the support of the Government or State under which he has elected to live, and in default of which he would not be likely to have either gain, income, or property? Cumulative testimony supports the allegation that the income is one of the most equitable, productive, and least objectionable forms of taxation, and that it accords in the highest degree with those canons or maxims which are regarded by nearly all economists and jurists as the highest embodiment of human wisdom on the subject.

Thus the broad claim is made that the income tax is the fairest of all taxes; that it tends to relieve the poorer classes and places the load upon the shoulders of those best able to bear it; that even for persons of large means it is advantageous; that the private revenue of an individual, by reason of trade conditions, varies greatly — in some years he may make much, in other years, without any appreciable change in the amount of his property, his income may be trifling; that whereas the general property tax mercilessly demands its due regardless of the year's profits or losses, the income tax accommodates itself to the varying condition of the taxpayer, bears lightly upon the business man who is struggling to keep his head above water, and postpones its heaviest call until the year of plenty.

The tax is in this regard the protector of legitimate business. The prediction has been ventured that its substitution for the usual property taxes would save many a man from bankruptcy. Unlike license taxes, it does not make it difficult for the man of small capital to begin business; unlike the personal tax, it does not levy toll upon a stock of merchandise from which, because of financial depression, the owner is perhaps deriving no profits; unlike the real estate tax, it does not increase the rent charge of every store and factory, whether succeeding or failing. The tax on incomes wisely and mercifully regards the present ability of the taxpayer, relieving him in adversity and participating in his prosperity.

The income tax has the further claim of reaching

certain professional classes who under existing laws largely escape taxation. Their gains are great; they live comfortably and even luxuriously; they provide for their families by life insurance or other untaxed investments; yet they contribute not to the State under whose protection they thrive. This, it is said, is a financial injustice to the other classes who do pay; and, more, it is harmful to the Commonwealth itself. It creates a group of persons — often well educated, with opportunities for information and leisure for public service — who, because they pay nothing to the State, become indifferent to the duties of citizenship. They feel no direct monetary concern in the business of the State. They disdainfully disavow any interest in politics. Whatever contribution they make is the result of indirect taxation, and this is paid unconsciously. The exact amount contributed by any citizen because of the internal revenue and customs duties is unknown and unascertainable. There would be a social and political value to the country in a Federal tax under which every citizen would consciously pay a definite sum. Such payment would induce a more careful scrutiny into civic affairs, and would tend to awaken that direct and universal interest in public administration which is the safeguard of democratic government. This would be followed by more orderly methods of business on the part of individuals. Men would keep stricter accounts. They would know how they stand themselves, and financial failures due to ignorance and lack of method would be lessened.

A general tax levied upon the net income of indi-

viduals has this great recommendation: it has no tendency to disturb prices. In this it differs from certain other taxes, which, being laid on consumption, influence prices and affect markets and values. It is contended that all such taxes fall most heavily upon the poor; that whenever the levy is made, not on the basis of the amount received, but on the basis of the amount consumed, by the taxpayer and his family, it is a scheme of taxation which, of necessity, rests with disproportionate weight upon the masses of the people; and that "this flagrant injustice to the poorer class of contributors" can be compensated for only by an income tax in which small incomes shall be entirely exempt.

In this view the tax ceases to be merely a mode of raising revenue, and becomes an instrument of tremendous social and economic importance. Equality of taxation should be the first purpose of every well-ordered body politic; and it is confidently claimed that equality of taxation is impossible in any community without the income tax; that it is a measure by which to prevent certain kinds of property from obtaining "a position of favoritism and advantage inconsistent with the fundamental principles of our social organization;" that it is the only protection that the American people have against "the dominion of aggregated wealth;" that the great problem before the statesman is not how to obtain money for official expenses, but how to employ the taxing power so as to curtail riches and produce a more equal level of private possessions; that conditions in the United States call for the application of what is termed

the Jeffersonian doctrine, that an equality of wealth must be preserved among the people "by taxing large wealth heavily, smaller wealth lightly, and least wealth not at all;" that this can be accomplished by a tax on gains and profits so framed that it will not touch the smaller incomes, but will lay a vigorous hand upon the annual receipts of the rich. It is proclaimed that the income tax is alone capable of producing these equalizing results; that justice and wisdom demand its adoption; and that it will prove not a burden but a benefit to the Republic.

Considerations such as these have developed a strong tendency all over the world to employ this tax as a means of raising a portion of the public moneys. Its sponsors point with assurance to the fact that it has proved a satisfactory source of revenue in the countries where it has been adopted; that when once placed on the statute-books it has generally been continued and extended; that the difficulties of collection have been found to be exaggerated; and they contend that the experience of nations like England and Germany, and the increasing use of the tax by civilized States, form the best and most conclusive evidence in favor of its wisdom and efficiency.

The *Disadvantages.* The critics of the income tax — with a positiveness equaling that of their opponents — hurl back the assertion that it is "the most odious and universally condemned mode of taxation resorted to by any nation;" that, in spite of its theoretical justice, it has

generally failed in its actual operation; that, however fair and alluring its principles, in practice it has been found to be unequal and unjust, undemocratic in spirit, inquisitorial in methods, debauching to the public morals, the parent of perjury, the burden on the back of industry, an assault upon property, and a step toward communism.

There can be no denial that the income tax is unpopular. It is immediate, undisguised, personal taxation; and against this human nature always has, and probably always will, rebel. It meets violent opposition where indirect taxes are cheerfully borne.

A salient cause for this repugnance lies in the fact that the tax invades the right of privacy. If it is to be efficiently enforced, every person must lay bare the details of his property and business. Every item of his private transactions, whether entirely personal or in connection with others in situations of the most sacred trust, is subject to exposure. His financial strength becomes the object of envy; his weakness is told to his competitors, and becomes the sweet morsel of a gossiping public. The tax engrafts the spy system on the arm of the government, and in its train come a horde of impertinent revenue officers. In its administrative features it answers Samuel Johnson's choleric definition of the word excise as "a hateful tax."

A tax which is offensive to the citizen and which he regards as unreasonably oppressive is necessarily difficult of collection. Evasion is its legitimate child, and evasion must be followed with methods of collection con-

stantly increasing in harshness and stringency. As the Roman tax-gatherers found in torture a frequent aid in discovering concealed properties, so agencies in their nature arbitrary and inquisitorial must be used in the collection of this impost.

These methods and agencies find scant welcome in democratic countries. They belong essentially to despotic governments, and are peculiarly unsuited to republican institutions. This revenue cannot be collected unless the tax-gatherers have the power to compel the production of the private books and papers of the citizen upon which to base the assessment. This is a power which the legislature will hesitate to confer, and which, if given, will prove of doubtful efficiency. "It may suit the purposes of despotic power, but it cannot abide the pure atmosphere of political liberty and personal freedom."

The taxation of incomes invites fraud, deception, and dishonesty. Mr. Gladstone said that an income tax made "a nation of liars," and that nothing does more "to demoralize and corrupt the people." Practically, it is not an equitable tax on incomes, but rather a tax on "ignorance and honesty;" only those pay their full proportion who have not learned the methods of evasion, or, knowing the means, are too honorable to use them. It allows a man in failing condition to report a fictitious income, and thereby impose upon the business world; while the actual recipient of large gains conceals them to avoid the tax.

Before adding to its fiscal system this tax which de-

mands either universal honesty or universal espionage, the country should listen to the overwhelming testimony against the personal property tax as now attempted to be enforced by the various States. Tax commissions have declared that the system is "debauching to the conscience and subversive of the public morals," that "it puts a premium on perjury and a penalty on integrity," and that "the attempt to enforce these laws is utterly idle." If the assessment of personal property is subject to such difficulties and evils, what will be the extent of the perjuries and public demoralization under an attempt to enforce an income tax? The statistics of revenue collected during the Civil War tell a graphic story. In 1869, with all incomes in excess of $1,000 subject to the tax, only 259,388 persons out of 37,000,000 acknowledged the receipt of any taxable incomes. It has been stated that only officials connected with the treasury department can form any adequate idea of the amount of perjury and fraud which pervaded the country from 1867 to 1872, and that American ingenuity was never more strikingly illustrated than in devising methods for evading taxes.

The imposition of the State should interfere as little as possible with industrial activity. No needless check should be laid upon the hands engaged in the beneficial work of adding to the aggregate of the National wealth. This principle the income tax ignores and violates. It is a tax on brains, enterprise, and industry; on mind and energy. It is an encouragement to shiftlessness and idleness. It punishes the active and frees the indolent.

It exacts a contribution from the worker at the time when every dollar of capital may be most vitally needed in the building of his business. As was recently said by Andrew Carnegie: "This Nation will never regret anything so much as attempting to collect a tax from men engaged in business — bees making honey for the National hive."

For a century constructive statesmen have sought to add to the Nation's progress by encouraging manufactures and inviting the investment of capital. It is worth while to consider the effect which an income tax would have in nullifying these efforts. The modern movability of capital must be taken into account. As water seeks its level, so capital seeks those fields where it is least hampered by exactions. Would not a progressive income tax — even though moderate and managed with the utmost circumspection — lead to an enormous transfer of American capital to other lands?

The tendency of income tax legislation to enlarge the class of exempt persons is noticeable. The law of 1862 at first relieved incomes under $600, then under $1,000, and later under $2,000, while the law of 1894 freed all incomes under $4,000. The exemption of all save the larger incomes seems now to be an inherent attribute of the tax. It is surely its most popular and attractive feature. This, it is submitted, is essentially class legislation. It differs not in real character from the English statute of 1691, which taxed Protestants at a certain rate, Catholics at double the rate of Protestants, and Jews at another and separate rate. All such discrimina-

tions, as a logical outcome, lead to oppression and abuses, and general unrest and disturbance in society. The plain duty is before every citizen to contribute his proportion, however small the sum, to the support of the government. It is no kindness to urge him to escape from this obligation. In giving his mite he will have a greater regard for the government and greater respect for himself. The humblest subject should not be put in the conscious position of a pauper of his government.

It is startling to consider the effect which an exemption of $4,000 has in transferring the burden of this tax upon an infinitesimal portion of the population. In democratic countries, where every citizen has a vote regardless of property, there is naturally a strong temptation to shift the load of governmental revenue upon the shoulders of the wealthy few. There is a sinister significance in the extent to which Congress yielded to this temptation in 1894. An income of $4,000 at five per cent represents a fixed capital of $80,000. Thus this law rejected as objects of taxation every citizen whose taxpaying ability represented $80,000 or less. It compelled less than two per cent of the taxable inhabitants to contribute ninety-five per cent of the entire tax. Commenting on these figures, Senator Edmunds, with fine scorn, exclaimed: "And this we call a free government — a government of equal protection of the laws!"

It is protested that the philosophical considerations of men who love liberty and wish it to be perpetuated are all arrayed against such a scheme of government.

It is so evidently unequal, discriminating, and partial that it is a misnomer to call it taxation. It is unmasked confiscation. Surely such legislation should not find shelter beneath the Constitution. It defies not only the principles of that great document, but it sweeps away personal and property rights which the Supreme Court has declared to be beyond and above the Constitution:

> It must be conceded that there are such rights in every free government beyond the control of the State. A government which recognized no such rights, which held the lives, the liberty, and the property of its citizens subject at all times to the absolute disposition and unlimited control of even the most democratic depository of power, is after all but a despotism. It is true it is a despotism of the many — of the majority, if you choose to call it so — but it is none the less a despotism.[1]

With solemn earnestness it is affirmed that the violation of this doctrine of elemental rights will be followed by further invasions, and that, as one vice follows another, we will soon have possibly one per cent of the people paying the taxes, and finally a provision that only the twenty persons having the greatest estates shall bear the whole taxation — "and after that communism, anarchy, and then the ever following despotism."

. . . . . .

The foregoing statement of the reasons and arguments which have been presented for and against the taxation of incomes discloses how intense and fundamental the difference of opinion upon this question is. While extreme and somewhat violent utterances are not unexpected when coming from the stump or legislative

[1] Loan Association vs. Topeka, 20 Wall, 655.

halls, there is a profound significance in some of the statements contained in the divergent opinions filed by the Supreme Bench in the Income Tax Cases,[1] where one learned Justice denounced the tax then proposed not only as unconstitutional, but as an assault on wealth and a usurpation of power, while another expressed his deep conviction that the denial of the power of Congress to levy the tax approached the proportion of "a national calamity" and might prove the "first step toward the submergence of the people in a sordid despotism of wealth."

Amid these antagonistic opinions, what is the true course? A trustworthy chart has been prepared by President Roosevelt in his declaration that in this kind of taxation, where the men who vote the tax pay but little of it, there should be a clear recognition of the danger of inaugurating any such system save in a spirit of entire justice and moderation; and that it must be made clear beyond peradventure that the aim is to distribute burdens equitably, and to treat rich men and poor men on a basis of absolute equality.[2] But will the country steer faithfully by that chart? In 1894 Congress drifted upon the dangerous reefs of discriminating taxation. If the mirage of its impractical fairness shall again lure Congress to enact an income tax, it should at least be so framed as to fall upon a reasonable percentage of the population. It should not by its narrow scope nullify the uniformity mandate of the Constitution,

[1] Pollock vs. Farmers' Loan and Trust Co. 157 U. S. 429; 158 U. S. 601.
[2] Annual Message, December, 1906.

for, as has been said, when that occurs, "it will mark the hour when the sure decadence of our present government will commence." And it is further submitted that, before any income tax legislation whatever is undertaken, Congress may wisely act upon the President's recommendation for a progressive inheritance tax. Such a measure will accomplish many of the good results and avoid most of the evils attendant upon the income tax. Let Congress, therefore, impose a reasonable tax on inheritances, and test its possibilities of revenue and its equalizing powers, before resorting to a tax of doubtful constitutionality, which in practice is unequal, discriminating, obnoxious, and inefficient, the foe of industry, the shroud of personal honesty, and a stranger to the true spirit of our laws and institutions.

REFERENCES.

Gould, J. M., Federal Income Tax Explained.

Bliss, *Encyclopedia of Social Reform*, p. 714.

An. Am. Acad., vol. 6, p. 268; vol. 4, p. 557; vol. 30, p. 82 (supplement).

Quar. J. of Econ., vol. 20, p. 287; vol. 23, 296.

Rev. of Reviews, vol. 33, p. 736.

Arena, 35: 213; 36: 659.

N. Am. Rev., 182: 824.

Outlook, 85: 503; 85: 496; 86: 751.

Ind., 61: 1501; 62: 1516.

Harp. W., vol. 52: 32; 54: 324.

Chaut., 54: 324.

Nation, 71: 197.

Income Tax in the Commonwealths of the U. S., Publication of the Am. Econ. Ass'n., vol. 4, 1903:

A complete list of references may be had from the Congressional Library, Division of Bibliography.

ABANDONMENT OF PROTECTIVE TARIFF

V

ABANDONMENT OF PROTECTIVE TARIFF

The debate between Johns Hopkins University and Washington and Lee University, was on the abandonment of the policy of protective tariff. The negative won. The question was stated thus: "Resolved, That our legislation should be shaped toward the abandonment of the protective tariff."

FIRST AFFIRMATIVE, H. S. ADKINS,
WASHINGTON AND LEE 1909.[1]

The affirmative is to show that there ought to be a shaping of our legislation in the direction of the abandonment of the protective tariff, at a time, to a degree, and in a manner entirely at our own option. The burden of proof is on the negative, since the people, the press, and the producers of this country all desire a downward revision. Both great political parties declared for it in the last campaign and the economists and Government experts from President Taft down unite in a universal demand for it. The protective tariff was once a necessity, then a help, and is now becoming a hindrance; the tariff is a temporary institution and the industrial evolution of this country warrants a downward revision now, to be repeated in the future, until

[1]The synopsis of affirmative was prepared by O. T. Kaylor.

the evolution completed, it results in the abandonment of the protective system.

We shall show: First, that the country is ready to begin shaping its legislation in this direction. Second, that the change we suggest will be accomplished without panics or industrial disturbances. Third, that the finances of our government will not be endangered by this policy.

Our first import tax grew out of the need of revenue by the federal government. In spite of the fact that there was no protection except an insignificant amount, though English manufacturers tried to recover the monopoly of the American market our industries did develop and grew strong enough to secure the tariff of 1846. The period from 1846 to 1856 was the most prosperous period of 10 years length in our history. Our national wealth increased 126 per cent while the increase from 1890 to 1900, the latest protectionist period reported by the Census Bureau was 50.7 per cent.

There was a time in the economic history of this country when protection was probably a good system, but that time is past. Our industries have developed from an embryonic stage to gigantic commercial enterprises struggling for world supremacy. The question is no longer one of keeping the home market from foreign usurpation, but the problem is how to conquer foreign markets. The only way to do this is to take off the restrictions of foreign trade. We would do this: (1) by lowering rates to a revenue basis on the products of

those industries which evidence shows do not need the excess duty and some of which are harmed by retaliatory tariffs; (2) lower to a competitive basis the schedules relating to those industries which do not need all the protection accorded now, but which would suffer from a severe sudden reduction; (3) by lowering the rates, aiming at complete abandonment of protection, on the small number of industries in this country which have not become self-sustaining after a reasonable time has elapsed. Such concerns are a permanent public tax burden and are uneconomic. Changes of the first class are desirable, according to the statements of the leaders in the fields of American industry, as Havemeyer and Carnegie.

An objection which is always urged against every tariff change is that it causes panics and business depression. High tariffs may grow from panics, but there is no causal relation in the other direction. Professor Tausig says that the panic of 1837 was due to bank troubles, speculation, and unduly expanded credit. Stamwood says of the crisis of 1857: "Abundance of ready money, tempting to universal extravagance was the producing cause of the disaster." Dewey, the authority on public finance says the crisis of 1873 was the logical outcome of ill-adjusted production and inflated credit. The panic of 1893 came a year before the Wilson tariff bill.

The trouble the government is having in obtaining a balance is due to the fact that our tariff is practically

prohibitory to importation and revenue. We propose to lower the duties to a status where sufficient revenue is insured.

SECOND AFFIRMATIVE, B. C. MOOMAW, WASHINGTON AND LEE.

We claim that a policy of free trade will best promote national welfare. We have reached a stage where we should adopt a commercial policy which will promote our foreign trade, place home trade on a solid basis, and relieve our commerce from those evils which have grown up in the past.

Our great need now is a foreign market. Our western frontier which once absorbed all our surplus products has disappeared and our energies must have a foreign outlet. Every section of the country is producing far more than it can consume, and our commercial prosperity depends upon the disposal of this surplus abroad. Our markets must keep pace with our increasing production.

International trade consists in an exchange of goods for goods. The tariff keeps us out of the new markets of China, Africa, South America, for they can buy of us only by selling us natural resources and these we will not take.

A tariff is an act of aggression and the great nations are turning against us. Germany, France, Belgium, and other European countries are discriminating against us. They are seeking their foodstuffs in other fields. Thus

protection bears most heavily on the farmer whom it profits least.

What our manufacturers need is cheap raw material. That some minor industries would permanently suffer and larger ones be disturbed temporarily is no argument against a change. No industrial system can be changed without some loss. International trade depends upon division of labor. Industries that cannot stand competition should not be artificially nurtured. Our natural resources are being exhausted at an alarming rate. The growth of our internal commerce is largely due to free interstate commerce, no tariff wall being placed around each state. Protection has lost us our shipping because building materials are too high.

In the fifty years following the adoption of free trade by England her trade increased 950 million dollars as against 120 million in the fifty years before free trade. Lord Avebury credits fifty per cent of the increase to free trade. England will soon control the new and growing markets of the world, India, South America, and Africa. With 16,000,000 less people than protectionist Germany her exports are worth $290,000,000 more. In a recent election in which free trade was an issue, it was retained by an overwhelming majority. Mr. Gladstone speaking to Englishmen has said: "Nothing can wrest your commercial supremacy from you while America continues to fetter her own strong arms and with her arms fettered is content to compete with you in neutral markets."

THIRD AFFIRMATIVE, O. T. KAYLOR,
WASHINGTON AND LEE.

We believe that our protective tariff is the genesis of a large number of the trusts. High duties are created and thousands rush into competition, hoping to make a fortune. The result is over-production, and the cost falls below the cost of the foreign article. Finding that a portion of the benefit of the tariff is being lost, they seek combination to stamp out competition. During the years 1898, 1899, and 1900, one hundred and forty-nine consolidated industrial combinations were formed.

Protectionists contend that trusts exist in free-trade England and therefore our protective tariff is not the cause of the trust. William Bedrow, a German economist, says that the trust system has found but tardy acceptance in England and that this is doubtless due to the thorough appreciation of the principle of free trade. Of the three hundred and eighteen industrial combinations mentioned in Mr. John Moody's "The Truth About the Trusts" only eighty were in existence previous to the passage of the Dingley Bill of 1897.

Protectionists have desired aid to so-called infant industries, with the implication that the protection would be abolished when the infant had grown to self support. The duty ranged from five to seven and one-half per cent in 1791. To-day the duty averages ten times as much as it did then. Hamilton and Clay both admitted the temporary character of protection.

The great prosperity of our country is due: (1) to

our unequalled natural advantages, our vast forests, fertile prairies, and our mines of coal, iron, copper, gold, and silver; (2) to the essential elements of American energy, enterprise, and inventive skill. To say that our prosperity is due to the protective tariff is really an insult to the American people.

Even if we grant that nominal wages have increased, we find that the cost of living and particularly the cost of rent have increased in greater ratio than wages. The Labor Bureau estimates that the annual per capita cost of the necessaries of daily consumption rose from $74.31 in 1896 to $107.26 in 1906. All commodities averaged 35.4 per cent higher. Wages increased 3.9 per cent in 1906 over 1905, while the cost of commodities increased 5.9 per cent.

If tariff duties raise wages in the United States, as is affirmed, they must produce a like result in Europe. We should look for the highest remuneration in protected Russia, Italy, France, and Germany. But we find the highest European wages are paid in free-trade Great Britain, where the best conditions of labor prevail. Wages must be higher in the United States than in Great Britain, for every square mile of Great Britain supports on an average twenty times as many persons as the United States. Opportunity for self-employment is greater here. The government allows labor to come into this country free. Protectionists themselves encourage emigration to America. Dr. Ely, a distinguished economist, says that the American manufacturer has a decided advantage over his foreign competitor, for

it costs him less to get a given piece of work done. While the American receives higher wages, his services are cheaper for he does so much more in a day.

One feature of the high tariff, one most unjust to the laborers and the poorer classes generally, is that we are paying high prices at home and exporting the same articles from ten to seventy per cent lower. The Tariff Reform Committees declared after investigation that for the year ending in June, 1900, eighty-five to ninety per cent of the exports were sold on an average of twenty per cent lower than at home. This can hardly be regarded as good Americanism.

Protection destroys self-reliance and teaches men to lean on the government. Protection thrives on public extravagance. The more the government spends, the greater need for large revenues and the more plausible the pretext for a higher tariff. Protection breeds corruption. Protected interests receive financial favors, and they are under the natural temptation to grant some return to the legislators and to the party who grant the favors. United States Senators and Congressmen frequently own interests which are affected by tariff legislation and have measures passed favoring these interests. Free trade would to a large extent prevent the corruption of United States Senators, due to privilege, patronage, and protection.

AFFIRMATIVE REBUTTAL.

The affirmative reiterated the fact that a logical plan had been submitted for the abandonment of the pro-

tective system. They further said: We repeat that any move in the direction of the abandonment of the protective tariff, with ultimate abandonment in view, is all that we need prove. In regard to the table submitted by the negative, showing that the price of labor has increased in greater ratio than the price of food, we would call attention to the fact that it includes the wages of laborers engaged in unprotected industries, as well as those engaged in protected industries. This table includes food only, and excludes all other commodities which are essential to the workingman, the price of which has increased in greater ratio than wages, as we have shown. The products of the farmer, whom they claim to benefit by protection, are sold in the world market and receive no advantage from protection. The assertion that even incidental protection makes a protective tariff is as absurd as to say that any incidental revenue makes a revenue tariff. The negative have entirely ignored the question of the tariff in its relation to foreign trade. They have not explained why wages are higher in unprotected than in protected industries, or why the condition of the laborer in free-trade England is better than in any of the protected European countries. The negative must show that any decided reduction in the tariff would be inexpedient, and that free trade would be disastrous. This they have failed to do.

FIRST NEGATIVE, N. C. MARVEL, JOHNS HOPKINS, 1910.[1]

The question concerns neither economic theory nor

[1] The synopsis of the negative was prepared by N. C. Marvel.

details of legislation, but national policy alone, and the abandonment of protection constitutes a radical change of policy. The protective tariff was enacted to develop home manufactures. This purpose it has magnificently accomplished. Moreover, the tremendous development of manufactures has benefited all classes. The benefit to labor is high wages and steady employment. Though the cost of food and clothing has increased, wages have increased at a higher ratio. At the same time, the American standard of living has been maintained. The producer of raw material gains a double market for his products, manufacturers and consumers. The relative value of farm products has risen and many products, tinware, for example, have been cheapened by large scale production in America. The tariff has made industries — silk manufacturing, for example — where none existed, thus creating a market here for labor and for food products. The result of such development of industry has been the development of our internal commerce until it is equal to the international commerce of the world.

SECOND NEGATIVE, W. E. HARRISON, JR., JOHNS HOPKINS, 1911.

The competition of foreign manufacturers — if freely admitted, will injure all classes.

(1) The manufacturer will suffer the loss of many important industries which can not compete. This has happened in the case of England, whose silk industry was ruined by free trade. Our industries will be driven

abroad. The laborer must accept lower wages or lose his job. Free trade invites foreign labor to underbid our labor. Our lithographing industry is now crippled by German competition. The producer of raw materials suffers along with the manufacturers and the laborer. Such suffering actually resulted from the low tariff of 1833.

Infant industries need protection. In the nature of things industries get beyond the need. Protection on such industries should be removed. Opponents of protection would wipe out all duties in order to get rid of a few unnecessary ones. Present protection is the price of our future industrial supremacy. This was proved by the collar industry. Industries do not spring up automatically, even where conditions are favorable, for the cost of getting started is prohibitive and competition at the outset is fatal. Trusts should be dealt with at home. Removing the tariff will merely put us into the power of international trusts. Finally the removal of protection will prevent our control of the manufacture of what we consume. We can not then regulate child labor, sweat-shops, or purity of materials, nor can we deal directly with strikes, lockouts, or war.

THIRD NEGATIVE, A. H. FISHER, JOHNS HOPKINS, 1909.

He showed that his opponents' argument was mere theory based on the hypothesis that every other nation on earth had free trade. However, since other nations protect themselves from us, we must protect ourselves from them. The progress of the world is toward pro-

tection, and unless it can be proved that all other great commercial nations are about to adopt free trade, our advance in behalf of such a measure would be extremely fallacious.

Again it is not a question of whether the tariff is the mother or foster-mother of trusts as the advocates of free trade maintain. The real question is, "would free trade remedy the trust evil?" Under free trade, one of three things would happen: either foreign trusts could not compete with home trust, in which case we would be no better off; or they would drive out the American trust and we would be in the power of a foreign trust which we could not regulate, and by means of which our workmen would be thrown out of employment; or they could compete with the American trust, in which case we would have an international trust which would be beyond the jurisdiction of our laws.

Any statistics comparing England's commerce with ours proves nothing because the two countries are entirely different in other ways. The argument about "scales of products cheaper abroad," is ineffective because they are mere surplus products. Our internal commerce is equal to the entire international commerce of the world, and by adopting free trade we would be risking a bird in the hand for one in the bush.

NEGATIVE REBUTTAL.

In rebuttal Mr. Marvel said that his opponents advocated extirpation, whereas his team favored regulation.

Evils in the framing or the administration of the tariff can easily be remedied without giving up the principles of protection. Such abandonment cuts us off from the power to protect future industries. He then challenged his opponents to show how their plan would work:

(1) In case Great Britain should adopt protection, leaving us the only important free trade nation in the world.

(2) In case China or Japan should succeed by the use of our machinery in producing cotton goods far cheaper than we.

(3) In case of an international trust which closed its American factories.

(4) In case a nation which took away a manufacturing industry such as cotton, then put a tariff on our raw material.

(5) In case, having abandoned protection, we found ourselves mistaken and wished to retrace our steps.

REFERENCES.

Franklin Pierce. *The Tariff and the Trusts.*
George Baden-Powell. *Protection and Hard Times.*
Ashley. *Modern Tariff History.*
O. F. Bastable. *Theory of International Trade.*
R. A. Benedict. *Tim, Tam, Tom and the First Tariff Question.*
T. N. Carver. *Theoretical Possibilities of a Protective Tariff.*
S. J. Chapman. *History of Trade Between United Kingdom and United States.*
F. H. Dudley. *England and United States under Free Trade and Protection.*
Henry George. *Protection or Free Trade.*

Richard T. Ely. *Problems of To-day.*

A. B. Farquhar. *Discussion of the Case for Protection.*

J. D. Gross. *History of Tariff Administration in the United States.*

R. Hawley. *Essay on Free Trade.*

William Hill. *First Stages of Tariff Policy of U. S.*

William McKinley. *Review of Tariff Legislation,* 1812–1896.

J. S. Moore. *Friendly Sermons to Protectionist U. S. Manufacturers.*

H. V. Poor. *Tariff: Its Bearing on Industries and Politics.*

U. Rabbeno. *American Commercial Policy.*

E. H. Roberts. *Governmental Revenue.*

J. Schoenhof. *Destructive Influence of Tariff on Manufacturers; Economy of High Wages.*

G. A. Smith. *Free Trade Movement and Its Results.*

E. Stanwood. *American Tariff Controversies in 19th Century.*

F. W. Taussig. *History of the Tariff; State Papers and Speeches on Tariff.*

S. N. Patten. *Economic Basis of Protection.*

U. S. Cong. Tariff Hearings, 1897.

J. P. Young. *Protection and Progress.*

Henry Clay. *Speech on the tariff,* 1824.

Daniel Webster, *Seventeenth of March speech.*

J. R. Commons. *Tariff and Labor.*

Annals of American Academy of Pol. and Soc. Science, vol. 32. Sept., 1908. (Devoted entirely to tariff.)

Outlook, v. 89, p. 961; v. 88, p. 338; v. 87, p. 803.

Nation, v. 87, pp. 351, 130, 176, 329, 227; v. 85, pp. 556, 515; v. 86, p. 548.

Campaign Speeches, James G. Blaine, 1888.

Literary Digest, Nov. 28, 1908.

Edinborough Review, Oct., 1908.

North American Review, Sept., 1908; v. 187, p. 34.

Current Literature, v. 44, pp. 594, 472.

Review of Reviews, v. 37, p. 99.

Harper's Weekly, v. 52, p. 28.

Westminster, v. 170, p. 361; v. 169, p. 487; v. 170, p. 22.

Independent, v. 65, p. 105.

Atlantic, v. 101, p. 334.
World's Work, v. 15, p. 972.
Congressional Record, 53d Cong., 2d session, Jan.–Aug., 1894.
Republican and Democratic Textbooks, 1900–1908.



INJUNCTION AND THE FEDERAL COURTS

VI

INJUNCTION AND THE FEDERAL COURTS

The following debate was presented by Swarthmore College defending the Affirmative against Ursinus College, and Swarthmore defending the negative against Franklin and Marshall College. In both debates the affirmative won. Resolved, That the attitude of the federal courts toward the use of the writ of injunction, as indicated by the Bucks Stove & Range Company decision, is conducive to the best interests of the people of the United States (all questions of constitutionality eliminated).

FIRST AFFIRMATIVE, WILLIAM RUSSELL TYLOR, SWARTHMORE, 1912.[1]

The attitude of the Federal Courts as manifested in this case is conducive to the best interests of the American people because the issuing of the injunction prohibiting an illegal and evil boycott benefited the manufacturer, the laborer, and the general public. The facts in this controversy conclusively show that the methods pursued by the federation were unfair and illegal. The essence of the boycott is the intent to injure. As used in this case it was nothing less than intended injury to property. Business is property within the meaning of the law, as is shown by court decisions. The attitude of the court was to prevent the unlawful destruction of property. This the injunction shows. Not only did the

[1] Affirmative synopsis prepared by Raymond K. Denworth.

Bucks Co. itself suffer, but its customers, innocent third parties, were intimidated and coerced out of their business relations with this concern by direct interference with and boycott of their own trade relations with their own customers. The efforts of the federation were not only directed against the Bucks Co. and its customers, but also against the patrons of those customers.

SECOND AFFIRMATIVE, RAYMOND K. DENWORTH, SWARTHMORE, 1912.

The writ of injunction originated in England to afford relief the law courts could not give. Even now the injunction is used only to supplement the law courts when they cannot afford adequate relief. The attitude of the Federal courts, as shown by a study of the leading cases arising out of industrial disputes, has been to enjoin: the distribution of circulars containing words directing or commanding others to boycott; against demanding agents to give up their agencies; a conspiracy to compel others, in violation of their contracts, to give up using the product of a firm at strife with the union; to prevent the destruction of a man's business by the intimidation of his customers; to prevent coercion or interfering with the business of a company either by force or threats; or, anything in furtherance of a boycott. When the attempt to injure consists of acts or words that will operate to intimidate and prevent the customers of a party from dealing with him, or la-

borers from working for him, the courts interpose by injunction.

A large part of the public consists of manufacturers and laborers, and their interests are so inextricably interwoven that one is dependant on the other. The injunction benefits the people because it shows just what the rights of the parties at strife are. It puts down in black and white just what the party must or must not do with reference to the matter covered by the injunction. The injunction deters from unlawful action. If the restrained disregards the order of the court he subjects himself to a double liability. The injunction being a preventive measure saves irreparable loss. The destruction of a business involves more than a loss of capital. The good will is an invaluable asset. There is no standard by which the loss can be measured; no means of assessing damages. The interruption of business involves the inability to carry out contracts.

THIRD AFFIRMATIVE, JOSEPH H. WILLITS, SWARTHMORE, 1911.

The equity process of the injunction is the only means of reaching the Federation of Labor. The medium of the law courts is impracticable. It would involve a multiplicity of suits for the injury being of a continuous nature would require a continuing series of suits. The medium of the law courts is, moreover, impossible. The American Federation of Labor cannot be sued because

it will not incorporate. Damages cannot be obtained from the individual members of the Federation by a law suit because of their lack of wealth. The injunction provides a speedier process of obtaining justice than the law courts. The attainment of speed in dispensing justice goes far toward making it satisfactory. It lessens the mob violence brought about by judicial tardiness. It makes justice more equally available to the rich and the poor. It results in an economic gain to the public in that it quickly brings about commercial and industrial peace. The injunction process is speedier for it is given precedence and irrelevant testimony is excluded. The use of the injunction as in the Bucks Stove and Range Co. case is the only means by which the business of the innocent public can be made safe from the profit-killing interruptions of the illegal boycott.

FIRST NEGATIVE, JAMES ZEARING COLTON, SWARTHMORE, 1912.[1]

The union men in the polishing department of the Bucks Stove and Range Co., working ten hours, struck because other concerns of the same nature were running only nine hours. The American Federation of Labor declared a boycott against the company and printed its name in the unfair list of the American Federationist. An injunction prohibiting this was secured by the Bucks Co. from the Supreme Court of the District of Columbia, and was made permanent on March 23, 1908. The

[1] Negative synopsis prepared by Louis F. Coffin.

injunction said in part — "All persons connected with the American Federation of Labor are prohibited from writing or speaking of any boycott against the company." The injunction was violated and Gompers, Mitchell, and Morrison, were sentenced to jail.

There are two kinds of boycott — primary and secondary — one necessary and right, the other wrong and unjust. One implies an agreement, the other compulsion, coercion. In so far as the secondary boycott was prohibited the injunction was right, but in so far as the primary boycott was prohibited, the injunction was wrong.

There has been an increasing tendency to abuse the great power of the injunction process. Farmers' Loan and Trust Co. vs. Northern Pacific R. R. Co.; Wabash R. R. vs. Brotherhood of Railroad Firemen; Pullman Palace Car Co. Case; etc., etc., might be cited. These cases show the usurpation by the federal courts of powers — executive, legislative, and judicial — such usurpation as is never justified. In four years, three hundred and twenty-eight Federal Court injunctions were granted, to-day fifty stand preventing the state of Kansas from enforcing its own laws. Roosevelt in his message to Congress says: "I earnestly commend to the attention of the Congress this matter, so that some way may be devised which will limit the abuse of injunctions and protect those rights which, from time to time it unwarrantably invades."

SECOND NEGATIVE, GURDON BLODGETT JONES, SWARTHMORE, 1910.

The prohibition of the primary boycott by the Federal Courts in this case was a grave error. The defendants were enjoined from "obstructing or destroying the business of the company" in any manner whatsoever. Is not the strike legal, has it not for its sole purpose such an end in order to secure the due rights of the workingman? Is not the strike prohibited then by the words of this loosely constructed injunction? Says Lincoln — "Thank God! we have a system of labor where there can be a strike."

The distinction between the primary and secondary boycott is evident from Justice Van Orsdel's decision:— "I conceive it to be the privilege of one man or a number of men to individually conclude not to patronize a certain person, to agree together and to advise others not to extend such patronage." If I threaten John Brown with dark hints of sandbags if he continues to buy Bucks' Stoves I take part in a secondary boycott; but if I use my powers of persuasion and my influence to convince him of the unfairness of that concern, I am engaged in a primary boycott. This injunction, which we are discussing, hopelessly confused these two fundamentally and necessarily distinct ideas; it prohibited according to highest legal authority both the primary and secondary boycott.

The primary boycott is legal, indispensable and fair. President Taft defines it as being legal. It is part of

our system of liberty, being born at the time of the Boston Tea Party, when patriotic citizens refused to drink British tea. In the fifties, slave-made products were systematically boycotted, as are convict made products to-day. The Consumers' League is founded on the basic idea of the primary boycott. The primary boycott is organized labor's chief assurance of self-defense in the struggles of industry.

Still more vital is the prohibition by this injunction of the rights of free speech and free press. It suppressed the lawful proceedings of the labor conventions, it smothered the spread of information, it established judicial censorship of the press, the bane of Russian bureaucracy. Listen to Chief Justice Shepard's views when the case was appealed:—"The sustaining of such a decree by a court of equity would mark the beginning of the era of judicial tyranny."

•

THIRD NEGATIVE, LOUIS FUSSELL COFFIN, SWARTHMORE, 1909.

So great has this injunctive power become, so unlimited its authority, that whatever usefulness it may have cannot under present conditions justify altogether some of the methods and machinery of the courts by which they are issued, and by which their contempt is punished.

The defendants were denied the right of trial by jury. They were tried for contempt of a court order issued to prohibit a criminal offense, were found guilty, and

by one man, Justice Wright, sentenced to a term in the penitentiary. As Hon. John W. Akin says:—"Thus the judge of his own motion becomes prosecutor, jury, and judge, and all the usual machinery and safe-guards of justice are swept away." Therefore, in all cases of indirect contempt of an order prohibiting a criminal offense, we demand a jury trial. Such legislation has long been agitated by Republicans and Democrats in Congress and elsewhere. It passed the Senate in 1896, but was lost in the famous judiciary committee of the House. Such a measure is opposed to the interests of vested rights. Jury trial is an inherent right, it is the basis of our whole system of criminal law. It stands for equality of man with man before the law. If a man who assaults you upon the public highway and robs you of your last penny cannot be deprived of his liberty, except upon the judgment of twelve men that he is guilty, why should a hard working man, charged with violation of a court order, have his liberty taken from him on the judgment of only one man? Is the liberty of such a man less valuable in the eyes of the community than the liberty of the thug?

Many minor points are against the defendant. The words of the injunction are written not by the court, but by the counsel for the plaintiff. The defendant in an injunction case must prove his own innocence. In cases of punishment for contempt of court, the judge has a power over which no review can be exercised; from his decision there is no appeal; his decision is final.

What does all this mean? It means not that the in-

junctive process should be abolished, but that by very nature of the process itself the federal courts have powers unlimited. Having these powers, therefore, and using them as we see fit demands that they be used with the greatest care and the greatest hesitancy. Such we do not believe to have been the case in this particular injunction, nor do we believe that its arbitrary, biased, and ill-considered prohibitions make for the best interests of our nation.

REFERENCES.

Commons. *Trade Unionism and Labor Problems.*
George, Henry. *Menace of Privilege.*
Stimson, F. J. *Labor Problems.*
Mitchell, John. *Organized Labor,* chap. 37.
Benton, J. H., Jr. *What is Government by Injunction.*
Adams and Summer. *Labor Problems.*
Economic Studies, III, No. 1.
Am. Law Review, vol. 18, 599; vol. 21, 41; vol. 22, 233; vol. 27, 405; vol. 28, 126, 268, 587, 629, 828, 879; vol. 32, 124; vol. 33, 885; vol. 37, 148, 285, 461, 932.
Independent, vol. 52, 1328.
Nation, vol. 59, 190; vol. 65, 160, 256.
Annals Am. Acad., vol. 5, 28.
Political Sci. Quar., vol. 4, 261; vol. 10, 189.
Review of Reviews, vol. 16, 356.
Forum, vol. 15, 311; vol. 18, 1.
Bulletin of the Bureau of Labor; annual reports of U. S Comm. of Labor:
The Cong. Library, Div. of Bibliography, will furnish a list of references; Samuel Gompers, Pres. Am. Fed. of Labor, will send pamphlets.

VII

AN INHERITANCE TAX

Resolved, That a progressive inheritance tax should be levied by the Federal Government, constitutionality conceded. In the important colleges where this question was debated the past year no notes or brief were kept, so the following brief of the Michigan University debate is printed instead. Michigan won both the affirmative and negative against Chicago and Northwestern Universities.

AFFIRMATIVE.

An inheritance tax should be levied as a means of social reform. Society has a right to regulate inheritances. There is no natural right of inheritance. Swollen fortunes are a menace. They are accumulated by unjust means — by predatory competition, by rebates, by tariffs and special privileges. They are used in harmful ways — in the corruption of law makers, in thwarting justice, in crushing industrial freedom, in wasteful luxury. They create class hatred and engender extreme socialism. They corrupt our national ideals — placing wealth above worth.

An inheritance tax would tend to remedy these evils. By a high rate on swollen fortunes, by a high rate on collateral heirs an inheritance tax would distribute the wealth at death. By exemptions on gifts to charity it would tend to distribute wealth before death. It would

check the demand for extreme socialism, and put the stamp of disapproval on swollen fortunes, and mere wealth-getting. The states cannot bring about this social reform because the state laws are not uniform.

Inheritance tax should be levied as a means of revenue reform. Present tax system is inadequate: Deficits in the treasury. Increased expenditure of the government — military, Panama canal, internal improvements. Future needs will be great — tariff reform, reciprocity, defense, internal improvement: irrigation, good roads, etc., public health. Present tax system is unjust — taxes on consumption taxes — tariff and internal revenue. Consumption taxes are not levied according to ability to pay — wealthy consume little more than poor; burden of taxation is borne by the poor. Rich receive greater advantages from the government, hence ought to pay more.

NEGATIVE.

Inheritance tax not a good social reform measure. Does not strike at the root of the evil. Fortunes not a menace in themselves. A fortune of $500,000 may be a greater social evil than one of $500,000,000. Danger of wealth depends on its wrong accumulation and use. Inheritance tax will not prevent rebates, monopoly, discrimination, bribery, etc. Laws aimed at unjust accumulation and use of wealth furnish the true remedy. It would be evaded. Low rates are evaded. Rate must be high to result in distribution of great fortunes.

Inheritance tax not needed as a federal revenue reform measure. Present system adequate. Has met expenses of past and present. Present system elastic. Internal revenue taxes easily adjusted. Present system well established and easily enforced. Present system just. Consumption taxes are not borne by the poor. Tariff is shifted in a demand for higher wages. Made possible by a long process of adjustment, and by labor unions. International revenue taxes fall on the profit of the producer. Price to the consumer does not change with a change in tax. Many taxed articles are used only by the rich.

Inheritance taxes should be reserved to the States. Are needed by the States. To replace the personal property tax. To lighten the burdens of State taxation. Are a part of State taxing systems. Used in many States. If nation used the tax the States would be crowded out.

REFERENCES.

A complete list of references may be obtained from the Library of Congress, Division of Bibliographies.

Bliss, *Encyclopedia of Social Reform*, p. 731.

Bastable, C. F., *Public Finance*, Macmillan.

Beatty, Chas., *A Practical Guide to Death Duties*, E. Wilson, London.

Fallows, Edward, *Inheritance Law of N. Y.*, Baker, Voorhis & Co.

Seligman, E. R. A., *Essays in Taxation*, Macmillan.

Progressive Taxation in Theory and Practice, Am. Econ. Ass'n., Publications, vol. 9, Nos. 1, 2.

West, Max, *The Inheritance Tax* (in Columbia Col. Studies in Econ. and Pub. Law, vol. 4, No. 2).

Das Passos, B. F., *The Law of Inheritances, etc.*, giving statutes in various states (West Pub. Co., St. Paul).

Baldwin, F. S., *The Taxation of Inheritances*, Bankers Mag., vol. 73, p. 27.

Dunbar, W. H., *The Constitutionality of the U. S. Inheritance Tax.*, Quat. Jour. of Econ., vol. 15, p. 292.

Huebner, S., *Inheritance Tax in Am. Commonwealths*, Quat. Jour. of Econ., vol. 18, p. 529.

Millis, H. A., *Inheritance Tax in Am. Commonwealths*, Quat. Jour. of Econ., vol. 19, p. 288.

Earl of Winchilsea, *Death Duties in Eng.*, N. Am. Rev., vol. 160, p. 95.

Roberts, Jas. A., *The Progressive Inheritance Tax*, Forum, vol. 23, p. 257.

Sedgwick, A. G., *The Inheritance-Tax Bill*, Nation, vol. 64, p. 333.

The Theory of the Inheritance Tax, Pol. Sci. Quar., vol. 8, p. 427.

An Inheritance Tax is Constitutional, Outlook, vol. 83, p. 150.

MacVeagh, Wayne, *The Graduated Taxation, etc.*, N. Am. Rev., vol. 182, p. 824.

Seligman, E. R. A., *The Theory of the Income Tax*, Pol. Sci. Quart., vol. 8, p. 427.



FEDERAL CONTROL OF RAILROADS

VIII

FEDERAL CONTROL OF RAILROADS

The triangular debate between Williams College, Wesleyan University, and Amherst College resulted this year in a victory for the affirmative in each case. The arguments presented are those of the Amherst teams. The affirmative team won from Williams; the negative team lost to Wesleyan. It will be observed that in this league each team is composed of two men. Resolved, That all railroads engaged in interstate commerce should be operated by companies incorporated by the Federal Government. The constitutionality of the question is waived.

FIRST AFFIRMATIVE, EUSTACE J. SELIGMAN, AMHERST COLLEGE, 1910.

This plan seems desirable in the first place because railways have grown too large for the states to cope with. Not only are they more powerful than the states, but they have become of national, rather than state importance. A change in a grain rate in a western state may materially affect prices in an eastern market. Furthermore it is evident that since states have the power to make local rates, they will make those rates in such a manner as to benefit their home industries and markets at the expense of the broader welfare of the nation.

The second main advantage of Federal incorporation is in regulating capitalization. Railway securities constitute a large share of the circulating capital of the

country and the importance of preventing overcapitalization and a consequent instability to all commercial enterprise thruout the country is paramount. Owing to the lax corporation laws in many states, capitalization is at present practically unrestricted; a company incorporating in a Western state may come east, and sell worthless stock to innocent investors who are totally unprotected and have no way of finding out the relation between capitalized and real value. Furthermore, as the Interstate Commerce Commission have frequently declared, it is impossible to find any basis for regulating rates unless the time value of the road is known. Federal incorporation with strict requirements would furnish this value; for their capitalized and real value would be, as they ought to be, one and the same.

Federal incorporation is desirable in the third place for purposes of taxation. At present there can not be said to be any method of taxation for railways at all; every state varies. As a result some railways are taxed double, while others escape altogether. In order to furnish a fair and uniform means of taxation, Federal incorporation would substitute for forty-six different methods, one equitable and universal standard.

SECOND AFFIRMATIVE, MORRIS G. MICHAELS, AMHERST, 1909.

In further support of the affirmative, I desire to recall numerous instances where the chartering of railroads by the state has either blocked legislation beneficial to

the entire country or permitted a railroad to engage in any business under the sun so that the Federal Government is powerless to interfere. As examples of this we have the Pennsylvania Railroad and its coal properties, the New York Central which cannot handle all the traffic from Buffalo to New York, and uses its influence to prevent the New York Legislature from granting a charter to another railroad.

Secondly, states are powerless in the hands of the great railway corporations. For example we have the Northern Security Case in Minnesota. These considerations lead to one of the principal contentions of the affirmative that inasmuch as we are face to face with legalized pooling or consolidation, these can only come on the basis of federal incorporation. There are six great groups of ownership in this country. One road leases, another owns all the stock of another, or has a traffic arrangement. There is great complexity of title and ownership opening the way to all sorts of fraud and corruption. The Supreme Court decision of December fourteenth, 1908, prevents any knowledge of these various railroad combinations, for the magnate may testify or not, as he sees fit. Four railroads holding charters in fifteen different states may secretly constitute the trunk lines of the country. Besides capitalization of railroads chartered in five or six different states may be determined by one state. There is unity in the control and management of these great railway systems, yet from the standpoint of regulation there is no unity, no system. Divided control is inefficient in protecting

the public and grossly unjust in the burdens which it places upon the carrier. If pooling, which prevents rebates and discriminations is beneficial, if consolidation is an economic necessity, then let us get efficient control of these gigantic trusts by Federal incorporation. It is the charter under which these consolidations may be made for good or evil.

The railroad problem is a national one and the Federal Government cannot shirk its duty out of deference to an imaginary "States Rights." A business commercially national should be made legally national. Federal incorporation will leave with the states the power to tax as in the case of national banks. It will leave with them police regulations. Even under the present system a state must give way to the Interstate Commerce Commissions and according to Judson on Interstate Commerce a state cannot exclude a railroad chartered by another state. "States Rights" do not mean that Texas should make rates affecting the other states, that a great corporation controlling the transportation of fifteen states should be centralized in Virginia, that New York state should block legislation beneficial to the whole country, that frenzied state agitation should retard the development of the railroads. In the world of commerce state divisions are arbitrary. Congress, which represents the power and public opinion of the whole people, is alone able to meet on equal terms the corporate influences whose business and power are national in character.

FIRST NEGATIVE, MAX P. SHOOP,
AMHERST, 1910.

The affirmative burden of proof must be, to show first some definite end to be attained by Federal Incorporation, to prove to you that a Federal Charter in itself will attain that end, and then to establish the fact that no other plan can remedy the evils of the present situation satisfactorily. The negative of this debate intends to prove two things — that Federal Incorporation is undesirable, and that the evils existent to-day can be better remedied by any of several other plans. The first of these points I shall prove by two main arguments, namely that evils existent to-day or supposed to exist would not be remedied by a Federal Charter, and that far greater and more fundamental evils than exist to-day would result from the adoption of such a charter.

Taxation is one of the problems of the present system of railroad control. A federal charter would give the Federal Government power to create and to destroy. The power to tax is the power to destroy. Now taxation would either have to be left in the hands of the state or the Federal Government; these are the only courses, and they lead us to a dilemma. If taxation is left to states with unlimited powers, then the states can destroy what is federally incorporated, and this power is contrary to our principles of government. The state could also tax the franchise as that is now considered physical property. Congress would not permit such a thing. So, and because Senator Newlands, who has

brought the matter of a federal charter before Congress, declares the federal government should do the taxing, in all probability all taxation of physical property would be in the hands of the central government. In such a case the power of the state to regulate revenue is gone utterly, for Congress would fix the rate of taxation, and distribute money to the states at its pleasure. This is an extreme blow at states rights, and bespeaks a centralization of power which should not be granted. Congress would be the ultimate authority in everything pertaining to railroads and their property.

The problem of policing the railroads leads us into another dilemma under federal incorporation. If this is given to the federal government then the last means of control and the last vestige of states rights is taken from the states. Protection of citizens, criminal laws, are the immediate province of the state. The government dare not assume them. Yet that diversity which the affirmative say will disappear under federal incorporation, is most extreme in the police regulations of the several states. The affirmative must then either maintain that police powers are to be given to the Federal Government, or give up their plea for unification which they prize so highly. Indeed they must prove that uniformity is desirable. We are inclined to agree with John Sharp Williams when he says that "one of the things most precious to our dual form of government is that the very fact of there being so many state governments in so many different climates, with so many different sorts of peoples, such diversity of pursuits and

occupation, enables our laws through the instrumentality of the state legislatures to be adapted to the needs of the communities."

Undoubtedly the greatest evil of railroading is that of rebates, greatest because it is most insidious. This is due to lax legislation, not lack of laws; due to inefficient execution, not to whether the charter be federal or state. Unfair rates are a big problem to-day; these bear no relation to the charter, federal or otherwise. They are dependent on entirely external legislation.

Over-capitalization is a great evil. But watered stock practically always comes in subsequent issues of stock, and the question of charter is not essential. Even if it were, we question with President Hadley the fact that there is over-capitalization in the railroads.

Is pooling an evil? There are laws against it now. A federal charter will not be needed in this problem. Is graft an evil? The political and financial power of the railroads would not be decreased under a federal charter. Instead of forty-five points of attack as at present we would have all the power of the railroads concentrated against Congress. We have only to remember the case of the Union Pacific to see the efficacy of such power. It has given us a dangerous precedent for federal incorporation. The strongest resistance to graft our country can present is the combined power of state and federal governments as at present. I do not believe we have a moral right to put a matter of such importance and consequence directly in the hands of the final authority of our land.

Our second main contention is that greater evils would result from federal incorporation of railroads than now exist. Congress, by the Interstate Commerce Act of '87 and Hepburn Bill of '06, has complete power over interstate commerce. To acquire any new power by a federal charter it would have to be given control of interstate rates. I shall not give here the proof of why such a state of affairs would be undesirable. It is almost axiomatic that Congress could not maintain complete control of all interstate rates. If not complete, where do we draw the line?

A great increase would have to be made in our already over-crowded federal courts in order to handle all the matters of the new federally incorporated railroads. This forms a considerable problem for us politically. Beside the fact that it would swamp the courts with litigation, it would be a blow at the vitality of the state courts and the dignity of the Federal Courts.

Federal incorporation would give us an unwarranted centralization of power in the hands of Congress. It would give Congress control over ninety per cent of the commerce of the country, and through control of the railroads it would control practically the business of the country. State railroad corporation law would be useless. Federal corporation law would have to be developed, and all that our opponents say of the size of the railroads only bears out the fact of the tremendous proposition this would be. State commissioners are working faithfully to solve these problems of the railroads. Is it wise to destroy every effort the local com-

mittees are making to work out their own salvation?

We must consider state rights and the spirit of our nation, which has been organized on the basis of the freest local government possible. For the virility of our nation we should leave all the power possible to the states. "We do not want an America like Sparta, where the central government was everything and man was nothing. We want no Rome even, where responsibility was so entirely devolved upon the central government that when the government itself grew weak, there was no power of initiative left among the people even to resist invasion."

SECOND NEGATIVE, H. L. WARNER,
AMHERST, 1910.

In order to make the proof doubly strong, we shall endeavor to show that even if it were desirable to make some change by which the federal government could exert more direct power over the railroads, there are other plans for this, which would be less radical and therefore more desirable than Federal incorporation. We have two such plans to offer. The first is further restrictive legislation, with an increase in the powers of the Interstate Commerce Commission, and the second is what Ex-commissioner James R. Garfield calls a "Federal license for interstate commerce."

It is clearly evident that Congress has not reached the limit in general legislation restricting railroads. The government has not yet given the Interstate Commerce

Commission full power to regulate interstate rates, neither has it made any laws in regard to over-capitalization, or in regard to the interchange of stocks among the railroads. Senator Dolliver proposed a bill to Congress last December, in which he provided against future over-capitalization of railroads, and interchange of stocks, but Congress failed to pass the bill. Indeed, the very fact that the Federal government has not taken further steps to restrict the railroads shows that conditions are too good at present to call for any change, but even if it did seem necessary to make a change attempting to remedy these evils of over-capitalization, etc., which are complained of, would it not be far wiser to try it first, by general legislation, than by such a radical change as federal incorporation. We propose general restrictive legislation on the part of Congress, as a first step, if it is found necessary to further restrict the railroads at all. As a second plan we offer the Federal license system, which James R. Garfield proposed for interstate commerce, when he was Commissioner of Corporations. The principal features of this system would be (a.) The granting of a federal license to engage in interstate commerce. (b.) The imposition of all necessary requirements as to corporate organization and management, as a condition precedent to the grant of such license. (c.) The requirement of such reports and returns as may be desired, as a condition of the retention of such license. (d.) The prohibition of all railroads from engaging in interstate commerce without such federal license. (e.) The full protection of grantees of

such license who obey the laws applicable thereto. (f.) The right to refuse or withdraw such license in case of violation of law, with appropriate right of judicial appeal to prevent the abuse of power by the administrative officer.

By a comparison of the federal license system with federal incorporation, it may be seen that one system gives the federal government just as much direct power as the other, over what is strictly interstate traffic. Under the incorporation plan, you would have a federal charter, with certain compulsory laws and requirements to which the railroads would have to agree in order to engage in business, and if these laws were violated the charter could be taken away. Under the license scheme you would also have requirements which the railroads would have to live up to, in order to continue their interstate business, and these requirements might be the same as those under the incorporation system, so that in regard to interstate traffic, Congress would have full controlling power, no matter which of the two plans were adopted. The difference between the two, however, lies here. The federal license stops short at the termination of purely interstate commerce. It leaves the states the same full rights of taxation as they have at present, the same right to supervise strictly intra-state rates, and it leaves to the state courts, the same judicial power over railroads as at present. On the other hand, how different would be the results of federal incorporation! This would put the complete power over railroads in the hands of Congress, and as Garfield says, "would

mean the complete abandonment of state corporate entity." The only right left to the states would be to tax physical property. They could have no power at all over even intra-state rates, they could have no jurisdiction over the management of the railroads in even domestic commerce, their courts would have practically no judicial power over the railroads and all disputes, even within the states would be brought to the federal instead of the state courts. Suppose a railroad violated its charter contract with the federal government, and Congress as punishment took away its charter, this would not only keep it from engaging in interstate traffic, but would keep it from doing business at all, even intra-state.

The federal license, however, would be preferable to federal incorporation, not only because it would not intrude upon states' rights, but because it would not be so revolutionary, would not be so centralizing in effect, and would not bring such a burden to bear upon the Federal Courts.

It would not be so revolutionary because it would not mean the abolishing of present charters, the breaking up of old companies and the forming of new corporations with new charters. It would not be so centralizing in effect because the forty-six states would be working together with Congress, one acting as a check upon another, instead of Congress having full control of everything. It would not put such a burden upon the Federal Courts because it would leave the state courts to decide all intra-state disputes. If then,

we have a system which in theory, would be free from the faults of federal incorporation, and yet at the same time, would present all its advantages, by giving Congress full and complete control over interstate traffic, the national feature of the railroad, would it not be far more desirable to give this system a trial first, before we think of trying the more radical one?

REFERENCES.

The Division of Bibliography, Library of Congress, has a full list of references under the head of Federal Control of Corporations and Commerce:

Fink, Henry. *Regulation of Railway Rates on Interstate Freight Traffic.*

Haines, Henry Stevens. *Railway Corporations as Public Servants.*

Noyes, Walter Chadwick. *American Railroad Rates.*

Prentice, Ezra P. *The Federal Power Over Carriers and Corporations.*

Report of the U. S. Commissioner of Corporations, 1904.

59th Congress, 1st session, Senate Doc. No. 243, vol. 5, *French Railways, How their Operation is Controlled by the Gov't Regulations.*

59th Congress, 1st session, Senate Doc. No. 244, Appendix VI, *Concentration of Railway Control in U. S.*

Dabney, W. D. *The Public Regulation of Railways.*

Dixon, F. H. *State Railroad Control, with a History of Its Development in Iowa.*

Hadley, A. T. *Railroad Transportation, Its History and Its Laws.*

40th Cong., 2d session, House Report No. 57, *Regulation and Control of R. R.'s.*

Larrabee, Wm. *The Railroad Question* (historical, practical, and remedy for abuses).

Kirkman, M. M. *Economic Theory of Rates* (private vs. government control).

Hudson, Jos. F. *The Railways and the Republic.*

Morgan, Appleton. *The People and the Railways* (an answer to Hudson).

Sterne, Simon. *The Railway Problem in the State of N. Y.*

Adams, C. F. *The Reg. of All R. R.'s through the Ownership of One.*

Clark, F. C. *State R. R. Commissions, and how They may be Made Effective.*

Meyer, B. H. *Railway Legislation in U. S.*

Meyer, B. H. *A Hist. of Early R. R. Legislation in Wis.* Wis. State Hist. Soc. Pub., vol. 14.

Bonham, John M. *Railway Secrets and Trusts.*

Lewis, G. H. *National Consolidation of R. R. in U. S.*

Government Reg. of R. R., *Outlook,* vol. 78, p. 963.

Two objections to federal license, *World's Work,* vol. 9, p. 5779.

The power of Congress to regulate R. R. rates, *Harvard Law Review,* vol. 18, p. 572.

The Nation vs. States' Rights (A. J. Beveridge, W. J. Bryan), *Reader,* vol. 9, p. 349.

The Railway Problem, *N. Amer. Rev.,* vol. 164, p. 327.

Federal Restraint upon State Reg. of R. R., *Harvard Law Rev.,* vol. 9, p. 324.

The Legislative Reg. of R. R., *Engineering Mag.,* vol. 9, p. 623.

Railroads and the Gov't, *Am. Jour. of Politics,* vol. 3, p. 82.

The Principles of Gov't Reg. of R. R., *Pol. Sci. Quar.,* vol. 15, p. 37.

National Reg. of R. R., *Am. Economic Ass'n Publications,* 3rd series, vol. 4, p. 71.

State Reg. of R. Rs. in U. S., *Economic Jour.,* vol. 10, p. 349.

Federal Reg. of R. R.s in U. S., *Economic Jour.,* vol. 10, p. 157.

Railway rate Reg., *Outlook,* vol. 79, p. 49.

Roosevelt on Control of R. R. Rates, *Ind.,* vol. 58, pp. 285, 329.

Governmental Reg. of R. R.'s, *Outlook,* vol. 79, pp. 368, 375, 402, 404, 406, 459.

Gov't Rate Making is Unnecessary and Dangerous, *No. Am. Rev.,* vol. 180, p. 410.

Common Sense of the R. R. Question, *Nation*, vol. 80, p. 282.
How R. R.'s Deprive the People, *Arena*, vol. 33, p. 624.
Federal Rate Reg., *Atlantic*, vol. 95, p. 737.
R. R. Rate Reg., *Outlook*, vol. 80, pp. 563, 577.
Legal Aspects of Rate Making, *No. Am. Rev.*, vol. 181, p. 481.
R. R. Regulation, *Outlook*, vol. 81, pp. 343, 353, 399.
A R. R. Rate, *McClure's*, vol. 26, pp. 47, 179, 672.
A Review of Federal Reg., *No. Am. Rev.*, vol. 181, p. 754.
The R. R. Empire, *Arena*, vol. 35, pp. 22, 67.
Railroads on Trial, *McClure's*, vol. 26, pp. 318, 398, 535; vol. 27, p. 131.
The President and the R. R., *Century*, vol. 71, p. 644.
Legislative Reg. of Rates, *Pol. Sci. Quar.*, vol. 21, p. 28.
R. R. Debates in Senate, *Ind.*, vol. 60, pp. 1408, 1440.
The Power of Congress to Prescribe Rates, *Harvard Law Rev.*, vol. 20, p. 127.
Argument Against Gov't R. R. in U. S., *Annals Am. Acad. Pol. and Soc. Sci.*, vol. 29, p. 342.



RESTRICTION OF FOREIGN IMMIGRATION

IX

RESTRICTION OF FOREIGN IMMIGRATION

Illinois Wesleyan University debated both sides of this question; the affirmative team won from Northwestern College, while the negative team lost to James Milliken University. The question was stated thus: Resolved, That Foreign Immigration to the United States Should be Further Restricted by the Imposition of an Educational Test.

FIRST AFFIRMATIVE, ROBERT A. CUMMINS,
ILLINOIS WESLEYAN,[1] 1909.

By the term "further restriction" is meant, either to reduce the number, or to exclude more of the undesirable thus raising the quality. A reduction of numbers does not necessarily mean a raising of quality, nor does a quality test necessarily effect the numbers. The measure which we advocate is a quality test. In the language of President Roosevelt "We need and always have needed immigration when we can have the proper quality."

Some forty years ago many persons convicted of crime and women of low character sought refuge from justice by coming to the United States. Congress put up the barrier and they were no longer admitted. The foreign

[1] The synopsis of these speeches was prepared by Robert A. Cummins, captain of the affirmative team.

nations then began dumping upon our shores their undesirable load of idiots, lunatics and paupers, accordingly the barrier was raised again. Subsequently our country entered upon an era of great industrial prosperity which prompted the importation of cheap labor much to the detriment of the American working-man and this economic need of further restriction was met by the contract labor law of 1885. A few years later a social need was met by an act barring all persons afflicted with loathsome diseases, all assisted immigrants and polygamists. These laws were then strengthened by requiring Steam Ship companies to furnish manifests. In 1903 another screen was set up designed to keep out epileptics, and anarchists. Thus we see that all the social, political, and economic needs of further restriction just mentioned have been answered by laws which are distinctly quality tests. Is there need of further restriction and what remedy shall be applied? Our question has nothing whatever to do with law enforcement either past or present.

The fundamental reason for the need of further restriction is the fact that within the last quarter of a century the quality of Foreign Immigration has radically changed. According to the U. S. reports for 1882, eighty-seven per cent. of the foreigners were coming from north-western Europe and only thirteen per cent. from the south-eastern countries. Since then the percentage has been almost reversed. Only twenty-seven per cent are now coming from the north-west, while the south-eastern countries are furnishing at least seventy-

one per cent. The general standing and worth of the immigrants from south-east Europe are far below those from the north-west, and what is still more significant to us in this discussion is, that, their general standing is directly proportional to their literacy. One example is convincing. In 1896, the countries of Austria, Hungary, Italy, and Russia sent 178,000 to the United States, 68,000 of whom were illiterate. Norway, Sweden, Germany, England, and Ireland sent 121,000 with only 4,000 illiterate. This change means two things to our nation, that is to say — more illiterates to educate and a lower quality of foreigners out of which to make Americans. The educational test, if applied to this need of further restriction would have kept back only a few of those whose average character and worth are high, but on the other hand, it would have shut out the sixty-eight thousand of low grade, uneducated Hungarians, South-Italians and Russians. Senator Taylor says, "While intelligence is not the criterion of virtue, yet it furnishes a reasonably safe test."

Foreign Immigration should be restricted for political reasons. The early colonists were familiar with republican forms of government, not so with the illiterate immigrant of to-day. The Italians, Slavic races, Syrians, and Russian Jews come from countries where democracy is unknown and where law is represented to the people by soldiers and tax collectors. So long as the majority were such as the Pilgrim Fathers, they not only benefited our political institutions but even took a leading part in the organization and management of the

town, city, state and the nation. The corruption of modern civic life is self evident; such a condition, however, would not have come about had it not been for the masses of unthinking and uninformed foreigners who have crowded our towns and cities.

But there are also social and economic reasons. The United Hebrew Charities of New York report that one fourth of the Jews of that city are applicants for charity, and other societies give similar reports. Notice also that it is the illiterate foreigner that mainly swells the rank of the indigent class. They are first poverty stricken, then speedily become paupers, vicious, indolent and vagrants, contributing largely to the problem of charity and corrections. The North American Review remarks that those people are undesirable because they are destitute of resources, ignorant, having criminal tendencies, averse to country life, they congregate in the city slums, have a low standard of living and little ambition to seek a better.

The economic need is proven by the fact that most of this low uneducated class have no permanent interest in our country. Only a small per cent of them are professional or even skilled. Three fourths of them enter into direct competition with our poorest and most needful laborers. W. S. Rossiter, chief clerk of the U. S. census office, shows that these new comers are not pushing earlier arrivals upward in the economic and social scale. Thirty millions of people cannot be pushed up into position of shop keeper and employer, or even that of foreman, but instead of this the lower strata of soci-

ety and wage-earners are being crowded out and a condition of chronic poverty, distressing to contemplate is arising in many of our great cities.

We have legislated in favor of the producer, we protect our coal, iron, steel and cotton, why not protect the man and the woman whose only capital is the ability to do a day's work and whose home should be the basis of society?

There is another proof of the need which we cannot ignore if we would. So great was this demand only recently that both the great political parties incorporated promises in their platforms to take action upon the question. The Democrats said "We hold that the most efficient way of protecting American labor is to prevent the importation of foreign pauper labor to compete with ours in the home market." The Republican plank read "For the protection of the quality of American citizenship and our American workingman against the fatal competition of low priced labor, we demand that the immigration laws be thoroughly enforced and so extended as to exclude from immigration to the United States those who can neither read nor write." The Knights of Labor approved the measure and the American Federation of Labor said officially: "We urge restriction based upon the educational test."

We offer the educational test as the most practical way of meeting the present need. Senator Fairbanks has aptly said that conditions have changed and therefore the policy of the government must change to meet these new conditions since no policy should stand against the

best interests of our countrymen. Unamerican do you say? "If Wisconsin is going to require every person who comes to the state to learn to read and write after he gets there, why, honorable opponents, not require him to do so before he is admitted to our shores." Again, hear Johnson, of Indiana. He says "Of what avail is our great common school system and why have compulsory education, if at the same time we are willing to admit vast hordes of illiterate foreigners, and what consistency is there in a great state calling a constitutional convention to amend its organic law, making an educational qualification a pre-requisite to the right to vote and having, at the same time, no barrier of this kind at the port of entry?"

SECOND AFFIRMATIVE, FRED B. GRANT,
ILLINOIS WESLEYAN, 1910.

The question is what are the evils and what is the best remedy for their solution? If these evils result largely from the illiteracy of the incoming alien, if the educational test only is applicable toward the solution of these problems, and if conditions are ripe for its application, then the illiteracy test is a practical remedy.

Economically, the presence of a large number of illiterates lowers our standard of living and depresses wages. T. S. Adams says that, "the influx of foreigners of a low standard of intelligence and of life depresses wages, lessens available employment for native labor and is a distinct hardship to the American workman." In some

industries as the manufacture of clothing and the mining of coal, native laborers have been practically driven from the field, and the alien not only displaces the native workman, but the immigrant of low standard of life displaces the immigrant of a higher standard. Thus the Italians have displaced the Irish, and the English have been displaced by the Slav in the Pennsylvania mining regions. Moreover the greatest proportion of unskilled laborers are found in the most illiterate classes while there is a limited demand for unskilled labor in some sections of the country, yet this demand is of no importance for the immigrant is not being distributed where there is need. The majority (67%) of the immigrants settle in the North Atlantic States and very few find their way to the West and South where they are needed. In 1900 only sixteen per cent. of the Italians, nine per cent. of the Russian Jews, four per cent. of the Poles and four and one-half per cent of the Hungarians lived in the southern and western states. From this it appears that those regions of the South and West that need unskilled labor will not be injured by the application of an educational test to immigrants. On the contrary, in so far as the educational test diminishes the coming of illiterate races it will tend to stimulate the immigration of races more likely to develop new parts of the country.

The immigrant comprises nearly nine-tenths of the slums population of our great cities. The United States Commissioner of Labor Reports show that in Baltimore the immigrant forms seventy-seven per cent. of the total population of the slums; in Chicago ninety per cent; in

Philadelphia ninety-one per cent. and in New York ninety-five per cent. Further investigation will prove that these denizens of slums come largely from the most illiterate classes of southern and eastern Europe; classes of wholly different customs and morals; classes incapable of being assimilated.

The slum is not alone in the indictment of present day immigration. It is supported by the records of all of our penal, charitable and insane institutions. Forty-four thousand aliens were in such institutions in the year of 1904, and six million five hundred thousand dollars was the price we paid for their maintenance. If we consider the insane and charitable institutions alone, we find that an alien population of one and three tenths per cent furnishes twelve per cent. of the inmates of these asylums and in addition produces over a third of our paupers. The second generation of immigrants should certainly exhibit some improvement but P. F. Hall, Commissioner of Immigration of New York says: "The native born children of foreign born parents are twice as criminal as their parents." Thus the influx of illiterate, inefficient and poverty stricken aliens unfit to become citizens, increases the public burden through pauperism and crime.

There are at least four classes of restrictionists advocating as many different remedies; first a high head tax has been proposed as a means of further restriction. But this would not relieve the situation any since it would be a small matter for nations desiring to get rid of worthless persons to furnish the necessary funds.

This plan would not even reduce the number any appreciable amount, much less sift out the undesirables.

The second way in which immigration may be further restricted is by establishing a system of examination at foreign ports. But such a plan would be very expensive, beside it is doubtful if any foreign nation would stand for such rash proceedings. Senator H. C. Lodge says: "The plan is impractical, the necessary machinery could not be provided and it would lead to many serious questions with foreign nations and could never be properly and justly enforced."

As to the physical test this would avail little. If you set the standard low it will add nothing to the present restrictions.

Only one way is left to meet the need, and that is to adopt the educational test as a means of further restriction. Exclude all illiterates over a certain age. Those who can neither read nor write the language of their fatherland will not be likely to learn ours.

Mr. Hall says: "It would practically operate to exclude a large part of the immigration which is destitute of resources either in money or still more in ability and knowledge of a means to support itself, which is generally ignorant, which has criminal tendencies, which congregates in the slums, which has a low standard of living and which has no permanent interests in this country."

THIRD AFFIRMATIVE, HENRY A. BURD, ILLINOIS WESLEYAN, 1910.

The measure which we advocate may be briefly stated thus: A bill to restrict all persons over fourteen years of age who cannot read and write the English language or some other language, except an aged person or minor not so able to read and write, who is the parent or grandparent or child or wife of an admissible immigrant. This is in substance the bill which has passed the House four times and the Senate three times in recent years, and has been recommended by Presidents McKinley and Roosevelt and by the Commission General of Immigration.

The educational test is distinctly an American policy. This government was founded upon the fundamental principles of education and religion. We are not departing from ideals when we demand that foreigners who come to this country shall have mastered the rudiments of an education. If it be said that the American policy is an open door policy we reply that every independent nation has and must have, an absolute right to determine who shall come into the country and on what conditions. We have exercised this right in the past by excluding criminals, paupers, insane and diseased. Every nation should care for its own illiterates as it cares for these excluded classes.

Self preservation is as much a law of nations as of nature. We have the burden of native illiteracy, adult and child, we have the burden of negro education. Our

duty is to our own people first, to the foreigner second, we should not increase our already heavy burden by adding to it yearly thousands of illiterate foreigners. Resolutions sent to Congress by the Boards of Associated Charities stated that "it is impossible to make the condition of the poor substantially better when every arriving steamer brings more ignorant and unskilled to compete, and the difficulty of securing universal education is greatly increased when every year sees landed an army of 100,000 illiterates whose children will start upon their career as American citizens from ignorant homes, under practically foreign surroundings."

The educational test is least exercisive of any of the proposed restrictive measures. It can and will be self applied by the immigrant and by the steam ship company at the place where the ticket is bought, therefore there need be no increase in consular service and expense. By excluding many of the doubtful cases it will lessen the labor of the boards of special inquiry and give time for more thorough examination of the remaining immigrants. It is exact and definite in its operation. It saves the hardship to the immigrant of making the voyage in doubt as to his admission or exclusion. It secures rudimentary education on the part of foreigners applying for naturalization papers and for American citizenship. It promotes education among those who desire to immigrate and to that extent improves the social condition of Europe.

No method can be found which will operate perfectly but the education test will for the fewest desirables and

the most undesirables of any of the proposed laws. Prescott F. Hall says "the most effective remedy for further restriction is suggested in the striking parallel between illiteracy and the other undesirable qualities, i.e. crime, destitution etc. In general the illiterate are undesirable and the undesirable are illiterate." The Senate Committee's report favors that illiteracy runs parallel with the slum population, with criminals, paupers and juvenile delinquents of foreign birth or parentage whose percentage is out of all proportion to their share of the total population when compared with the percentage of the same classes among the native born. It also appears that the immigrants who would be shut out by the illiteracy test are those who bring least money and come most quickly upon public or private charity for support.

The educational test is not only truly American, inexpensive and practical, but it has received the most united support from all sorts and conditions of men of any immigration bill yet proposed. The report of the Senate Committee before the fifty-seventh Congress says: "There is no doubt that the introduction of the illiteracy test would greatly facilitate the solution of the immigration problem and do more than any one thing to lessen the present popular aversion to immigration." This same report contains a list of 4,444 petitions for the education test among which were the legislatures of four states, Northwestern Association for the promotion of immigration into that section, the American Federation of Labor, the Knights of Labor, the Republican and Dem-

ocratic national platforms, the Industrial Commission, the Boards of Associated Charities, the National Prison Reform Association, 90% of the newspapers of the U. S. having editorials upon the immigration question, Superintendent of Immigration Owen and Commissioner-General Sargent. In the face of such preponderance of evidence can any one doubt that our policy is the best known.

FIRST NEGATIVE, HUBERT D. BATH, ILLINOIS WESLEYAN, 1910.

In order to prevent a false impression, I would like to point out the fact that the Commissioner of Immigration says, that for 1908, owing to the large numbers of immigrants who returned to Europe last year, our actual immigration amounted to only 209,867. Thus the evils that arise from this number would undoubtedly be much smaller than from the large number represented by my honorable opponent.

We wish to prove to you that the demand is not for the educated people, but for persons who can do our work. What America requires is strong arms that are willing to work and can develop our resources. The department of Commerce and Labor for 1907, shows a constant call for additional laborers, without regard for literacy or illiteracy. One great railroad system reports an increase in the construction of track of forty-two per cent. over the previous year, and would have used fifty-three per cent. more men, if it could secure the kind

employed, which were Italians. Another reports an increase of forty-four per cent. of work and would have used fifty-six per cent. more men and still showed a shortage. Still another which employed a total of 147,000 men in 1904 used 247,000 in 1907 and called for more. Contractors reported a scarcity of labor and marked increase in the scale of wages.

Let me ask was the demand for the tutored, or would not the able bodied, industrious, workman supply this need. Most assuredly our need was for able workmen. Again consider the spinning industry in the South, where statistics show that twenty per cent. of the spindles are idle on account of the lack and shortage of labor. Is the cry of the South for the immigrant who can pass the educational test, or for the industrious able workman.

The Bulletin says further: "Since July 1906 on account of the great scarcity of labor, employers paid to agencies $3, $4, and $5 per day for common unskilled labor. Not for twenty-one years has so high a price been offered."

The affirmative must show first the efficiency of their system, again that the evils will not over-balance the good, and lastly that it is the best available policy.

The educational test is unsound in its principle. That education is no criterion of a man's worth to his country is an established truth. The affirmative would have us believe that literacy is the merit of a man's efficiency, rather than the fact that whosoever is vigorous in body, sound in mind, honest and industrious is a good citizen. It has been estimated that every such industrious work-

man is worth from $500 to $5000 to the nation. Ignorance of book learning is indeed a misfortune, but it is not a crime. Many of our early immigrants were illiterate, but their children became our teachers and professional men. The 280,000 Irish and 300,000 Germans who determined the success of the Civil war were not questioned as to literacy, but tutored and untutored, fought for the cause of the Union because they thought it right and a duty.

The reason why many of our immigrants are illiterate is because the Creator has placed them in a land where the opportunity to learn does not present itself, as in Spain and Russia, where education is intercepted for political purposes. Illiteracy is not a matter of choice but of bad government. That our illiterate immigrants soon improve their opportunity to learn is manifest from the fact, that our total percentage of illiteracy is reduced from twenty-eight per cent. to six per cent. by the time the foreigner is ready for citizenship. Again statistics show that eighty-nine per cent. of the children of immigrants attend the public schools, while only seventy-eight per cent. of the children of American parents are in our schools. This shows conclusively that when the opportunity is afforded the illiterate, he readily improves it.

Senator Chandler, one of the strongest advocates of the educational test, says: "Every human being could come with the educational test that could come without it." If this be true, what is the value of the educational test, simply the means of delaying the coming of part of the undesirable for a few months? If this is a fact,

the policy of our opponents presents a weakness which is fatal at the beginning. When the Lodge-Corlis bill was pending in congress, a number of cramming night schools sprung up in Italy, whose object it was to tutor immigrants so as to enable them to barely pass the requirements of the test. No education gives a certificate of a man's character, or morals, but an education test of this kind even fails to give a certificate of intellect. The requirements of the educational test are so small that they accomplish nothing. Prof. E. C. Hayes, head of sociology at the University of Illinois, says in fact: "It is the general opinion of students of sociology that education does not particularly diminish the tendency to crime, but simply changes its character."

The test in practice will not exclude the undesirable. Many of the immigrants who are farmers are illiterate, while the real undesirable live in cities where a little schooling is afforded them. When the Italian farmers go to the southern states, where the climate is similar to Italy, they have been frugal and efficient, and have contributed to the development of the South. William E. Curtis the well known correspondent, who has made a thorough study of the question, says "the anarchist, tough, and the other undesirable immigrants invariably come from towns and cities and have a little schooling, which gives them leadership over their kind, and thus makes them more dangerous. Every strike, every riot, every disturbance, is instigated, and led by these poorly educated city immigrants."

SECOND NEGATIVE, RALPH FREESE,
ILLINOIS WESLEYAN, 1911.

The imposition of an educational qualification would mean nothing more than indirect legislation against such classes as criminals, paupers and anarchists. Let me read you what President Cleveland said in regard to such a method of procedure:

"If any particular element of our illiterate population is to be feared for any other causes than illiteracy, these causes should be dealt with directly instead of making illiteracy the pretext for exclusion, to the detriment of other illiterate immigrants against whom the real cause of complaint cannot be alleged."

The great objection to indirect legislation is that it operates against the desirable as well as the undesirable. The problem then lies in determining whether the benefits will compensate for the detriments.

Our opponents would have us to believe that the ability to read and write constitutes the sum and substance of what it takes to make a desirable immigrant. We maintain that such factors as health, virtue, honesty, and industry are the essential factors that make a man or woman acceptable as a resident. Given these, and every immigrant may become a useful and valuable citizen.

Would the educational test exclude the undesirable classes, such as the criminals, the paupers and the anarchist, which, we concede, are being admitted in spite of laws designed to keep them out. In order to show the efficiency of their policy in this respect, the gentle-

men of the affirmative must show there is a causal relationship between crime, pauperism and illiteracy. We of the negative believe that no such relationship exists; that the acquirement of the capacity to read and write does not dispel vice and wickedness from the heart. The prisons and almshouses in every state in the Union are filled with criminals and paupers who can read and write well. The special reports of the United States Census Officers for 1904 give the following percentages of paupers in our almshouses, according to nationality—

"Germany twelve and three-tenths per cent., Ireland forty-one and two-tenths per cent., Hungary one and five-tenths per cent., Poland three and four-tenths per cent., Italy three and one-tenth per cent."

The same report adds—"The returns yield distinctly favorable percentages for Italy, Hungary, Russia and Poland, that is, the proportion which these classes contribute to the foreign born pauper population, is considerably less than their representation in the foreign born population."

Yet, these are the very nationalities which our opponents denounce, because of their high percentage of illiteracy. From these same Government Census reports for 1904, we have statistics showing that out of every one hundred foreign illiterates, which the educational test would have excluded, only six developed into prisoners or paupers, while ninety-four were free from such charges, and that but four and three-tenths per cent. of the criminals of the country were foreign illiterates.

The reports of an investigating committee sent to Eu-

rope by the Department of Commerce and Labor show that the steamship companies, in direct defiance of law, have stimulated immigration by establishing agents and sub-agents in every town and village in Europe, who resort to all the arts of persuasion known, in order to induce aliens to purchase transportation to America. They have patched the immigrant up if he has a contagious disease, so that he cannot be detected by the medical examiners; they have coached him as to what he shall answer to the questions. With such things taking place, is it to be wondered at, that our laws break down and cease to be effective? The annual report of the Commissioner General of Immigration for 1908 shows that from an immigration of 782,870, only 3,741 were excluded as paupers, 124 as prostitutes, none as anarchists, and only 136 as criminals. Of the total number applying, only 10,395, or one and three-tenths per cent. were turned back, less than have come in a single day. Would this not seem to indicate that there is a laxity in the enforcement of present laws, so that they do not accomplish the purpose for which they are intended?

THIRD NEGATIVE, ROY O. KEISTER,
ILLINOIS WESLEYAN, 1910.

Instead of offering a policy that has met with repeated defeat and has failed to receive the support of our law making body every time it has been proposed, let us see if there is not a better plan to meet this need.

First we are agreed that there is a need of future

restriction and that this need exists partly because of the laxity of the enforcement of present laws and partly because of the failure of present laws to exclude certain other undesirables. We would have established in all the principal foreign ports of embarkation a system of inspectors whose business it would be to gather and secure such information of those intending to come to the United States as would make it absolutely sure that they meet all present requirements for admission and will become desirable accessions. Among these requirements will be a certificate from the nearest police magistrate certifying as to his past good conduct, and he must have sufficient tangible property to enable him to go to the place where he is most needed after he lands. This preliminary examination and foreign inspection is to work in conjunction with the present means of enforcive law and no immigrant will be allowed admission unless he has first received a certificate from this foreign examination board recommending him to the United States.

The advantages of such inspection are manifold. First it will remove the temptation to allow a man admittance through sympathy. Again our plan will preclude the large number of schemes which are at present being practiced by ship companies.

In general this system of foreign inspection will give us every advantage and opportunity for rigid enforcement of present laws which can not be hoped for under the present mode of application. With our system our men will be on the ground and can get information

directly, indirectly, and by observation. If it be argued that the policy we have just outlined be impractical because of the difficulty in reaching the foreigner we reply; The United States reports show that ninety-eight per cent of the immigrants come to us from eighteen ports, hence it will be a most practical plan. Again they say that it is too expensive. To this we reply that the money sent to our charitable and penal institutions will more than pay for the extra cost and will become an economy to say nothing of the moral and social benefits.

In addition to rigid enforcement of present law and in order to further meet our needs of restriction we would adopt a physical test as a basis of exclusion. The physical test is desirable because it is fundamental in the development of good citizenship. Physiologists and psychologists are agreed that the prerequisite of moral and mental attainment is that of a sound body. Can the affirmative deny that there is a closer relationship between physical health and good citizenship than between an elementary education and good citizenship.

We point with pride to the accomplishment of our nation in the past fifty years. The great west has been opened and settled, forests felled, railroads and mines developed, yet it was labor, not brain, that did the work. Without the aid of these men great work could never have been accomplished, and yet at that time they were from fifty to seventy-five per cent. illiterate, and the same cry of undesirable immigration was raised against them. Why not give the present day immigration the same opportunity and idea of manhood and furnish good

strong bodies, which you cannot deny is a greater asset in life than the smattering of an education. It is not the development of the same common sense idea used by our stock men. The physical test is not discrimination as to race, nationalities or color. It simply proscribes persons of low vitality and poor physique, persons who are likely to become a failure in the struggle for existence. It is easy in operation, sane and sensible in meaning and purpose, and will work any and every where.

Our policy is easily applied, being used in conjunction with the other requisites in one foreign examination. With this foreign examination and imposition of physical test, they will be able to detect and exclude that large class of undesirables that come to us by the steamship companies so as to put up an appearance and deceive the inspectors at the polls.

REFERENCES.

The Library of Congress has an exhaustive list of references on this subject, which will be sent on application.

Walker, F. A., *Discussions in Economics and Statistics*, II, 417–451.

Chetwood, John, *Immigration Fallacies.*

Atchinson, R. M., *Un-American Immigration.*

Riis, J. A., *How the Other Half Lives.*

Wilkins, W. H., *The Alien Invasion.*

Knopp, Friedrich, *Immigration and the Commissioners of Emigration.*

Brandenburg, B., *Imported Americans.*

The Encyclopedia of Social Reform, *Immigration.*

The International Year Book, *Immigration.*

Forum, vol. 8, p. 684; vol. 11, p. 541; vol. 13, p. 360; vol. 14, pp. 103, 600 805; vol. 15, p. 172.

Atlantic Monthly, vol. 78, pp. 445, 655; vol. 86, p. 535; vol. 29, p. 454; vol. 71, p. 646; vol. 75, p. 345; vol. 77, p. 822.

Popular Science Monthly, vol. 52, p. 387; vol. 63, p. 25; vol. 64, p. 232; vol. 65, pp. 164, 224, 341, 432; vol. 48, p. 244; vol. 49, p. 625; vol. 62, pp. 230, 334.

Review of Reviews, vol. 28, p. 50; vol. 33, pp. 336, 491; vol. 35, pp. 319, 489.

Harper's Magazine, vol. 96, p. 429; vol. 103, p. 598.

Scribner's Magazine, vol, 29, p. 301; vol. 32, p. 513.

World's Work, vol. 1, p. 381; vol. 4, p. 2644; vol. 7, p. 4471, 4555; vol. 5, p. 3276; vol. 6, pp. 3598, 4021; vol. 8, p. 5254.

Nation, vol. 45, pp. 108, 518; vol. 52, p. 360; vol. 54, p. 4; vol. 62, p. 248; vol. 69, p. 293; vol. 78, p. 465; vol. 88, p. 194.

Independent, vol. 50, pp. 77, 369; vol. 55, p. 2064; vol. 63, p. 1290.

Outlook, vol. 73, pp. 29, 260, 555, 968; vol. 74, p. 1040; vol. 76, pp. 459, 527, 928; vol. 77, p. 461; vol. 74, p. 969; vol. 76, p. 459; vol. 77, pp. 95, 681; vol. 83, p. 33.

North American Review, vol. 138, pp. 78, 415; 147, p. 165; 152, pp. 27, 602; 154, p. 424; 156, p. 1; 163, p. 252; 164, p. 526; 165, p. 393; 175, p. 53; 179, p. 226; 187, 106.

Publication of the Immigration Restriction League; Department of Commerce and Labor, *Immigration Laws and Regulations;* New York Bureau of Labor Statistics 16*th Annual Report.*

Annals of the American Academy of Political and Social Science, vol. 10, p. 1; vol. 24, pp. 153, 161, 169, 209; vol. 27, p. 653.

Arena, vol. 2, p. 269; vol. 3, p. 415; vol. 17, p. 722; vol. 18, p. 788, vol. 27, p. 254.

Chautauquan, vol. 16, p. 196; vol. 18, p. 174; vol. 23, p. 551.

World Today, vol. 10, 418; 11, 803.



ASSET CURRENCY

X

ASSET CURRENCY

The following discussion was presented in the debate between Knox College and Beloit College. The question; Resolved, That a System of Asset Currency, Under Federal Control, Should be Established in the United States. The negative won.

FIRST AFFIRMATIVE, THEODORE M. KNUDSON, BELOIT.

He declared that they would argue for a bank note issue, based on the assets of the bank as opposed to the national bank note issue based on a bonded security. He argued from the first that the United States was practically alone in maintaining a system of bond secured currency and that all of the other great countries of the world had departed from this and had adopted a system of asset currency.

As notable examples of this he cited the countries of Japan, France, and Germany.

He then gave a history of the establishment of the national banks and insisted that the bond security issue had been adopted here not because it was the safest, but because the government needed a market for its bonds when the credit of the country was impaired.

The two great requirements of a system of currency,

[1] The synopsis given was made by Dwight E. Watkins, Professor of Public Speaking, Knox College, from the published reports of the debate.

he argued, were safety and elasticity. There was no gainsaying that our national bank currency was safe, but it was not elastic and this inelasticity, he argued, was its greatest defect.

The asset currency, he argued, would be elastic and when there was a demand for a greater volume of money it would be forthcoming and when that demand had ceased and the crisis had passed it would contract. In short, he argued, that it would at all times be equal to the demands of trade and no greater. This, he argued, would be regulated by immediate redemption clause of such a currency law as they proposed, which would provide that the asset bank notes be redeemed on demand. The safety of the issue, he argued, would be assured by the assets of the banks which would not be allowed to issue notes in excess of their paid up capital stock, and furthermore, by a system of bank guarantee which would be adopted and which would be established by a small tax on all banks.

He argued that the present system was not only inelastic and caused business to be done on credit, but that the present system maintained the government debt, the payment of which was postponed in order to give a basis for the present system of issuing currency, and which was costing the government millions of dollars each year in interest that might be saved.

SECOND AFFIRMATIVE, PAUL BOUTWELL, BELOIT.

He started out by saying that the need of the asset currency had been called into question. He showed how

each fall when the crops of the country had to be moved there was a demand for about $200,000,000 of money. This was issued in clearing-house certificates and it caused money stringency. The rate of interest went up and the city banks were put to sore straits to get the money to send to the country banks. This increased rate of interest cost the country much money.

In the spring and summer months, he argued, the money was not needed and lay idle in the banks. Then the rate of interest went down and it caused inflation and speculation. It caused the city banks to put a premium on gold in the fall and winter and caused the money to go begging in the summer. With an asset currency, the notes would be issued in the fall and redeemed on demand, would be retired in the spring and summer and the crisis would be passed, panics averted and business would not suffer from the fluctuating rates of interest.

He argued for the safety of the asset note, and insisted that there could be no great difference between a bank book credit and a bank note credit. He argued that ninety-five per cent of the business of the country was being done on credit and that the asset currency would be good enough to do all of the business of the country on.

Nearly all of the nations of the world had adopted the system and he referred to the old Suffolk system of New England to prove that the asset currency would be a success.

This system he said, was so safe that the notes sold at a premium in the West.

He argued that our present system was not elastic, and while the notes were safe, the system had in it the elements of commercial disaster. He contended not only for the safety of the note holder, but for the safety of the depositor.

THIRD AFFIRMATIVE, CLEON C. HEADLEY, BELOIT.

He showed that the affirmative was arguing simply for a change in the form of liability. He conceded the point strongly emphasized by the negative that redemption is necessary. He argued that the redemption of the asset currency would be constant. He showed that the currency of the banks of Canada under the asset system were redeemed every thirty days, in Scotland every eighteen days, in France every twenty-four days, and that the notes of the old Suffolk system had been redeemed every forty-five days.

He proposed as a method of redemption a system of clearing houses for bank notes corresponding to that for checks, in such successful operation to-day. He said there would be a motive for each bank to return to issuing banks their notes when it received them on deposit, in order to make room to issue its own notes.

FIRST NEGATIVE, RAY SAUTER, KNOX.

He argued that the money issued by banks based on their government bonds, had been secure and had the confidence of the people. The contention of the affirmative meant a change in the security of our cir-

culation and a change in its security might mean a change in the confidence of the people.

He insisted that when a country had a system of money that enjoyed the confidence of the people it would be folly to change unless there was urgent need. This need he insisted, did not exist or, at least, was not so great as is generally believed. This question of the need, he stated, would be taken up later. Public confidence, he argued, was not so easily secured as a new system of issuing money.

He insisted that the assets of the bank were not reliable, that they might consist of a bank building or depreciated railroad stock or copper stock. The redemption on demand, he argued, must be absolute to have the confidence of the people and in this the asset currency would fail. He argued that sometimes, under our present system, the redemption of deposits fails, and the bank must suspend the specie payment, but let the bank be a bank of issue and let the public lose confidence in its assets and when that bank suspends the specie payment, you have not only a depreciated bank deposit, but you have a depreciated currency and business suffers. Then returning to the need of the change he stated that if there was a need it would be shown by the calling of loans and business depression. He referred to a chart showing the outstanding loans over a period of years and their steady increase to meet increasing demands.

SECOND NEGATIVE, HARRIS PILLSBURY, KNOX.

Assuming that the people will accept the money and assuming that the need is great enough, Mr. Pillsbury by strong and convincing argument showed that the general credit situation would be endangered by the issuance of asset currency. He made it clear that in the relation between outstanding loans and bank reserves there exists a situation which may be represented by an inverted pyramid at the top of which is a vast volume of credit supported at the base by a reserve of eight per cent. He argued that asset currency only added to the superstructure of credit and would cause a dangerous discrepancy between reserves and loans. Mr. Pillsbury went one step further and maintained that not only would asset currency not help the present situation, but would aggravate it. In the spring the gold would return to the banks, creating over-abundance of money leading to forced loans and speculation. The proposed system, if it dealt with anything, would deal only with the superficial evils. Mr. Pillsbury used a chart to substantiate his position.

THIRD NEGATIVE, ROBERT SZOLD, KNOX.

He held that contraction of the asset notes would not ensue, that the analogy in redemption between note currency and deposit currency fails in that bank notes take the place of metallic currency and would be currency rather than a form of credit like checks. Mr. Szold discussed the operations of Gresham's law under conditions

in which asset currency is issued and showed that gold would be displaced. It would make insecure the foundation on which the superstructure of credit rests. Through the issuance of asset currency, gold would return to the banks, credit would be expanded, interest rates would go down and gold would then be sent abroad.

REBUTTALS.

In the rebuttals, Beloit admitted that its argument rested on the analogy between bank note and deposit liability, and contended that they are interchangeable forms of credit. Knox showed that a bank note is in itself currency and not merely a form of credit. Beloit failed to consider the effect of asset currency on gold and to discuss the operations of Gresham's law when paper currency is used.

Knox showed that the asset notes, if safe, would be held by state and private banks as reserve, and could not be touched by federal control, hence they would not be redeemed, no contraction would take place, and business safety would be endangered.

REFERENCES.

Journal of Political Economy, vol. 6, pp. 93, 311; vol. 7, p. 253; vol. 10, p. 119.

Annals Am. Acad. of Pol. and Social Sci., vol. 3, p. 597; vol. 11, p. 191; vol. 13, p. 31; vol. 31, pp. 335, 367, 398, 454.

Arena, vol. 19, p. 602; vol. 20, p. 39; vol. 21, p. 151; vol. 22, p. 740; vol. 30, p. 382.

Pol. Sci. Quar., vol. 11, p. 133.

North Am. Rev., vol. 178, p. 388; vol. 166, p. 172; vol. 173, p. 854; vol. 177, p. 487; vol. 189, p. 242.

Forum, vol. 12, pp. 186, 483; vol. 22, p. 182; vol. 12, pp. 476, 772; vol. 13, pp. 325, 725; vol. 18, pp. 385, 641; vol. 20, p. 513; vol. 24, p. 303.

Century, vol. 55, p. 627.

Nation, vol. 67, p. 197; vol. 75, p. 438; vol. 87, pp. 99, 200, 334, 356; vol. 85, p. 313; vol. 86, pp. 90, 271, 299.

Review of Reviews, 39, p. 633.

Outlook, 82, 52; 89, pp. 73, 269, 329, 129; 88, pp. 676, 340, 106.

Reports of Am. Bankers' Ass'n ; Report of Indianapolis Monetary Conference.

Youngman, Elmer H. *Credit Currency.*

Hull, W. H. *Practical problems in banking and currency.*

Marburg, Theodore. *Do we want an asset currency?* (address before Nat. Civic Federation, 1907).

The Currency Problem, a series of addresses delivered at Columbia Univ. (published by Macmillan).

Draper, George O. *A study of financial conditions in 1907–8.*

Seligman, Edwin. *The Crisis of 1907 in the light of history* (Columbus Univ. Press).

Cleveland, Frank A. *The Bank and the Treasury.*

Libby, Charles T. *Cash, Panics and Industrial Depressions.*

Select list of books, with references to periodicals, relating to currency and banking, with special regard to recent conditions. (Lib. of Cong., Div. of Bibliography, 154).



ARE LABOR UNIONS BENEFICIAL?

XI

ARE LABOR UNIONS BENEFICIAL?

The affirmative of this question was maintained by New York University, the negative by Rutgers College. The judges gave a decision for the negative. Resolved, That labor unions as they now exist are, on the whole, beneficial to society in the United States.

FIRST AFFIRMATIVE, JOHN C. BRODSKY,
NEW YORK UNIVERSITY.

Since the question is phrased that trade unions are beneficial "on the whole" we need not maintain that they commit no errors, indiscretions or even crimes. It is for us to show that labor unionism is a step toward the improvement of society. By improvement of society we mean what the economist calls raising the standard of living. Labor unions mean improvement in the standard of living of a vital part of society — labor.

The affirmative will prove:

First, that the labor union movement is in accord with the other movements in the industrial world;

Second, that labor unions improve the welfare of labor;

Finally, that the improvement of labor reacts beneficially upon society.

At one time the capitalist owned the laborer; that was

slavery. Then he owned the land and the laborer was attached to it. The employer owed the laborer protection, the laborer gave the employer service. That was feudalism. Now we come to the present system in which the laborer is free from obligation of service to the capitalist and the capitalist is free from any obligation to the laborer. Both laborer and capitalist are free from all obligations to each other except such as they voluntarily assume. A laborer now has the legal right to work when, where, and how he pleases.

This status of equality and freedom of employer and employee is theoretical. In practice to-day it is impossible, impossible because of the colossal organization of capital. Under our present industrial system capital has two advantages: First, it owns the tools which labor must use; second, capital has superior bargaining power.

Consider the advantage which capital has in owning the tools which the laborer must use. In our industrial plants the tools are mainly machinery. Here the laborer must come each day to his tools. Not alone machinery is owned by the employer, but in most plants the smaller tools also. The miner gets his lamp, his pick, and his shovel at the company's tool-house. Not one of the 11,000 men of the Baldwin Locomotive Works of Philadelphia brings a tool with him. The ownership of tools by capital, cancels the legal right of a laborer to work where he pleases. He must work where capital builds the plant. The Gary Steel Works moved its plant from Ohio to Illinois and its 18,000 workmen and their families had to go with it. To-day a man works not where he

pleases, but where capital says the work shall be done.

Capital's second superiority in the industrial world is that in bargaining with unorganized labor it has controlling advantages. Machinery, plants, and business are more easily united, organized, and controlled than human beings. Capital and business are wonderfully organized. Hundreds of bituminous coal companies are grouped as the Pittsburgh Coal Company; the many tin, iron and steel owners are merged into the United States Steel Corporation, over 200 window and flint glass manufactories have combined into the Glass Trust, and to-day 1,000 boot and shoe factories are under the management of the New England Shoe Trust. Thus you see how effectively capital combines and becomes a stronger bargainer. Against such organization how can the individual laborer, unorganized labor, bargain with the employer for increased wages, for shorter hours?

I will point out just how the individual laborer is at a disadvantage in bargaining with the employer. A laborer seeks work, let us say at a shoe factory. A low wage, less than $500 per year is offered. He has a family to support and is trying to better his condition. He knows how wretched it is to live on less than $500. He refuses the offer and applies at a neighboring shoe factory; again he gets the $500 offer. A third trial brings the same result. The shoe factories are under one management and the competition of individual plants is gone. Add to this the fact that if the laborer refuses to take the wages offered, some man in straitened circumstances, or some immigrant with a lower standard of

life, will take the job. Then the first laborer is without a wage. You can see what a tremendous power organized capital has over unorganized labor. Where is the claim that the laborer is free and equal to the employer? Where is his right to work how he pleases? Unorganized labor must work at the wage and at the hours capital says it shall work at.

The condition of unorganized labor in the United States was hopeless. Now, however, labor is organized — organized with a definite purpose, to get higher wages, shorter hours, better conditions under which to work. Labor is improving its conditions, is progressing. Progress in society, all competent economic authorities tell us, is measured by advance in the standard of living. Labor, reaching out for legitimate privileges, is striving to raise its standard of life. Capital has resisted the demand for higher wages, resisted the cry for shorter hours, resisted the call for better conditions. And now when labor organizes, most fiercely does capital resist organization. But labor has a right to as high a standard of living as the rest of society, a right to educate itself, a right to family and home, a right to send its children to school. The union by securing shorter hours of work and better pay, gives labor an actual right — the actual right to improve its condition, to raise its standard of living, to benefit society by adding to the progress society is making. Consider first the working day. It is now held the world over, that the eight hour day is enough for any laborer. You know how wearing work becomes after eight hours of application. Yet to-day, on

the authority of the Commissioner of Labor, forty per cent. of our laborers work nine hours, fifty-five per cent. work ten hours, and the 1907 Labor Report says only one per cent. of our laborers work by the eight-hour day. How much improvement is needed here!

As a second point, consider wages. The late Industrial Commissioner Carroll D. Wright, Judge Grey of the Anthracite Coal Commission, economists such as Marshall, Ely, Adams and Saeger, hold $600 is a living wage. Yes, a man can exist on less, but he cannot live decently as an American should live, nor efficiently as an American can live, on $11.50 a week. And yet, on the authority of the Commissioner of Labor, sixty-one per cent. of our industrial workers get less than $600, and of laborers in the railway occupations seventy-two per cent. get less than the living wage. As a final figure note that in 1903 one-half of the male laborers earned less than $436, earned less than the average college man spends each year.

SECOND AFFIRMATIVE, JOHN W. MACE, NEW YORK UNIVERSITY.

Organized labor — the labor union — improves the welfare of the working man. It accomplishes this in three ways: (1) by a raising of wages; (2) by a reduction of hours of work; (3) by insurance benefits. There has been marked improvement in wages, for during the last twenty years wages have increased eighteen and one-half per cent. I will prove to you that the labor

unions have been largely responsible for bringing this raise of eighteen and one-half per cent. about. Of all our strikes for increase of wages fifty-two per cent. of them have been successful.

I cite Vols. VII and XIX of the Report of the United States Industrial Commission: The labor unions have been responsible for the raising of wages:

20 per cent. in the flint glass industry.
10 per cent. in the window glass industry.
15 per cent. in the steel industry.
30 per cent. in the brewing business.
15 per cent. among day laborers.
15 per cent. among railroad conductors.
3 per cent. among street railroad hands.

Structural iron workers, in 1890, without a union, made only 25 cents per hour and by 1897 the union had raised this to 45 cents per hour.

The granite cutters in 1897, without a union, made $2.80 a day. The union has raised the wage to $3.00 a day.

Among the longshoremen since the establishment of the first union, wages have been raised forty per cent. Let me give you one concrete illustration:

The marine firemen in 1899 without a union made $29.37 a month. By 1905, the union had raised this wage to $50 a month.

The strike of the bituminous coal miners in 1906, supported by the United Mine Workers of America, lasted three months, extended over eight States and was marked by not a single case of violence. The operators were

forced to increase wages sixty per cent. for over 300,000 men.

One of the awards of the Anthracite Coal Strike Commission, appointed by President Roosevelt in 1900, was a raise in wages of ten per cent. This affected the entire anthracite coal region and 170,000 miners.

Reduction in hours has been brought about: (1) by State legislation, the result of labor union agitation, as was the case in Utah where an eight-hour day law was passed — in New York State where the eight-hour day bill was introduced in the Legislature by Assemblyman Rock, an active New York City labor leader,— and the Federal eight-hour-day law, passed in 1868, the work of the national labor unions; (2) and more largely, however, this reduction of hours has been the single-handed work of the labor unions. Upon this they have put their greatest effort and met with strongest opposition. I again cite from Vols. VII and XIX of the Report of the United States Industrial Commission.

What better summary can be made of this division "Reduction of Hours" than the testimony of the United States Industrial Commission, namely — that in their opinion since 1886 the labor unions have reduced the day's labor of the working man in the United States by fully one hour.

Let us consider a few figures given in "Workingmen's Insurance," published by the United States Department of Labor:

The Brotherhood of Locomotive Engineers have paid out in their history — twelve million dollars. In 1905

the American Federation paid out over a million dollars. Each year the Cigar Makers pay in benefits $150,000, the Carpenters and Joiners, $60,000, and the Locomotive Firemen, $300,000. These are representative cases, but at the same time scattered cases and can only give you a small idea of the large work the labor unions are doing in raising the standard of living by industrial insurance.

This is a high service the labor unions are rendering working men, when you consider that this is practically their only means of protection. The large companies, such as the Equitable, Prudential and Mutual Life, in lines of industry where there is constant danger of loss of life, either refuse to take the risk or charge from thirty to fifty per cent. extra for the risk — a premium too large for the average workingman to pay.

THIRD AFFIRMATIVE, DANIEL C. NOLAN, NEW YORK UNIVERSITY.

The increased wages of working men benefit society as a whole. The wage earners are the class of society whose economic position is weakest. This weakened status, in the opinion of the Industrial Commission, justifies the contention that whatever strengthens the laborer's economic position increases the total strength and promotes the total well-being of society. And the increase of wages, raising labor's standard of living, in turn strengthen labor's economic position. The man whose wages are increased is able to give his family many comforts. He supplies better food, better clothing, bet-

ter education for his children. The extra pay takes the place of what his children could earn and saves them from the fate of too many of our children to-day — passing their childhood as slaves to the mine or to the mill. The higher wage, in fact, makes a man a more useful member of his family, and as such he is a more useful member of society, for whatever benefits the family, the basis of society, benefits all society. President Hadley of Yale says, "If we arrange the laborers of different countries in the order of their earning power, we will find a corresponding difference in their efficiency."

In the second place a further benefit to society has been brought about by the decrease of hours. For this decrease in hours has made the laborer more efficient, first, as a worker, second, as a citizen. Let us consider him as a worker. What is his condition when he works eleven or twelve hours a day? At the end of the day his vitality is exhausted. He has no time for anything outside his daily grind. He gulps down his meal and then sinks into what is more a stupor than a sleep. Now let that man's day be shortened to eight or nine hours. He can relax. No longer does each day's work exhaust his vitality. He works more intensely while working and still has a reserve of vitality.

Shorter hours, besides increasing the laborer's efficiency as a worker, increase also his efficiency as a citizen. This is a tremendous advantage in a democratic country, where the citizens control the government. On this subject the Industrial Commission says the following

in Vol. 19 of its report: "Lessening of hours leaves more opportunity and more vigor for betterment of character, the improvement of the home, and for studying problems of citizenship. For these reasons, the shorter day for working people brings a benefit to the entire community."

The union benefit fund is indirectly advantageous to society, for it makes unions even more conservative. In unions where there is a large fund the members do not wish to jeopardise it by useless and aimless strikes. Prof. Bolles says that the strongest, richest and most extended unions pursue a conservative course by having the fewest strikes and disputes. This conservative policy has proved an unexpected safeguard within the unions themselves against radicalism and socialism. So true is this that Prof. Saeger tells us the more radical and socialistic members of labor unions are opposed to the benefit feature.

The most important service of the union to society is its educational value to the public at large. Not a strike, not a lockout, not a disturbance of any kind, but has taught society something of value. It has set men thinking, made them realize that there are two factors in the industrial world, and that each of the two factors has clearly defined rights. The unions can claim credit for bringing a deeper respect for human rights. Every act of violence shows society the danger of industrial strife, and shows labor the need for peaceful settlements. The unions are becoming more and more willing to settle disputes by conciliation or arbitration. In fact, the Industrial Commission states on page 865, Vol. 19 of its

report, that, estimating the total population actually subject to strikes, between 1881 and 1900 only one day in 406 of possible working time was lost as the result of strikes, actually less than is lost in celebrating the Fourth of July.

The employers too are becoming more willing to submit to arbitration through their experience with labor unions. Andrew Carnegie in his most recent book states that from his experience as a laborer and an employer, he is confident that organization of labor is beneficial to both the laboring class and employer, and is tending to eliminate friction between them. This condition of industrial peace is possible only with a strong organization of labor. The employer must have a union to deal with strong enough to ensure its agreements being kept to the letter.

FIRST NEGATIVE, HERMAN VANDERWART, JR., RUTGERS, 1909.[1]

We shall show that labor unions, as they now exist, are not beneficial to society in the United States in three ways. I, as the first speaker, will show that the fundamental principles on which unions are founded are not beneficial to society. The second speaker will point out that the methods used to carry out these principles are not only not beneficial but inherently harmful. The third speaker will show that the results of principles and methods combined are not beneficial.

[1] The synopsis of the speeches was made by Luman J. Shafer.

The first great principle which we claim is not beneficial to society, is that of the segregation of the laboring or wage-earning class into one distinct group for the express purpose of opposition to employers and capital. . . . We do not question the right of the labor union so to combine, but we question the effectiveness of such a principle and its justice to society. "A house divided against itself cannot stand," and if there is any one force which will disrupt society it is this separation of labor and capital.

Another great principle in unionism is the placing of each individual laborer in a given trade on a plane of productive equality with every other laborer in that trade. . . . Can such a principle as that, which means destruction of all individual ambition and disregard for the energy of the efficient, be of benefit to society?

In the third place the prevention of young men in the learning of trades is a fundamentally harmful principle of trades unions. That unions limit apprentices is generally recognized. . . . This leads them to the opposition of industrial schools. Mr. Gompers says: "The continuance of the system of trade schools is tantamount to a crime." . . . If the United States is to retain its present important position in the world, it must seek to educate the youth of society in the trades, and strive against the trades unions who can see no further than their noses in this matter.

Again, the unions are opposed in principle to inventions and machinery. . . . Of course their objec-

tion is that they are thrown out of employment as the machinery is introduced. But how is it in actual fact? Take, as an example, the invention of the linotype machine, which has decreased the cost of production fifty per cent. There are just as many compositors to-day as before its introduction. . . . A force which stands opposed to progress by invention and machinery surely cannot be a benefit to society.

In the fifth place the unions object to incorporation. . . . The chief objection seems to be that they would be amenable to the law. . . . As it is at present the courts have no method of dealing with unlawful unions excepting by injunctions and the union would have those made impossible. If employers are compelled to incorporate why should not the unions be treated likewise in order that all questions arising may come within the provisions of an equitable law.

SECOND NEGATIVE, S. ARTHUR DE VAN, RUTGERS, 1909.

I shall speak of the working methods of labor unions. One universal characteristic pervades all their methods. That characteristic is coercion, force, compulsion. They can obtain their ends by this method alone. As Henry George said: "Those who tell you of trades unions bent on raising wages by moral suasion alone, are like people who tell you of tigers that live on oranges."

The first great method of the unions that I shall mention, is the restriction of the number of skilled workmen. The ways by which they seek to bring this about

are three, all injurious in themselves and harmful to society: by limiting the number of apprentices; by hindering the entrance of skilled and intelligent foreign workmen; and by opposition to trades schools.

The next method of the union is the closed shop. It is the great engine of their power. . . . It means that no non-union man, no matter how skillful, how honest, or how hungry he may be, can obtain work there. Every means of compulsion is used to make a man join the union. What is this but the complete and utter subversion of the most sacred right of individual liberty to work as one pleases?

And now I come to that method which is most closely associated in the popular mind with the labor union — the strike. I know that there is such a thing as the right to strike, but I simply and respectfully wish to call your attention to two facts:— first, that the number and extent of strikes has vastly increased under the present régime of the labor unions; and second, that these strikes cause an incalculable amount of loss to society in this country in dollars and cents, and are the cause of personal injustice to thousands of men. The strike movement has developed simultaneously with the labor union movement. The general bill of expense for strikes from 1881 to 1900 was $376,769,392. This sum, which is so large that we cannot conceive it, is, however, only a fraction of the real cost. The paralyzing influence of every strike extends throughout the country. But my opponents will tell you that the strike is morally and lawfully right. Then what can be said for picket-

ing — where guards are stationed by strikers to intimidate others from taking the places they have voluntarily left? What can be said for the sympathetic strike,— which causes vast loss for absolutely no cause? What can be said for the boycott, which has been repeatedly and emphatically condemned as illegal and unjustifiable? What can be said for personal physical violence as a method of union activity? Violence is very general in union made strikes. The report of the Anthracite Coal Strike Commission of 1903 contained these words:— "The history of this strike has been stained with the record of riot and bloodshed, culminating in three murders, unprovoked save by the fact that two of the victims were asserting their right to work, and the third, an officer of the law, was performing his duty in attempting to preserve the peace." The leaders of this organization have instilled into the minds of its membership the necessity of arming themselves for the purpose of resisting constituted authorities.

THIRD NEGATIVE, LUMAN J. SHAFER, RUTGERS, 1909.

My opponents have claimed that the unions effect a rise of wages. The only thing that the unions can bring about is a higher wage in those shops where they have a monopoly, and this they have done. But they raise wages in these shops, artificially, by force rather than, naturally, by increased efficiency. This means a higher wage for the same product and not a larger product and therefore a higher wage. Such an increase in wages

means an increase in the cost of production, and means that the cost of production will be higher in union shops than in non-union shops. There is an economic law that the value of a commodity tends to coincide with the cost of producing that portion of it that is produced with the greatest difficulty. In other words the cost of production in the union shop will determine the value of a commodity. The union man, to be sure gets higher wages, but he has to pay more for what he buys and the great mass of society have to pay more without the corresponding increase in wages.

In the next place shorter hours, as brought about by the labor unions, are not a benefit to society. In the first place, laws for shorter hours such as the unions advocate are unjust, being in restraint of individual liberty; in the next place any such shortening of hours, artificially, by the labor unions is productive of harm to society. Gradual and natural decrease of the hours of labor does not increase the cost of production but the premature and forced decrease of the union does; in the last place the laborer does not use his extra hours of leisure to his improvement.

In the third place we must consider the inferior product as a result of labor unions and as a harm to society. The union as it now exists brings about a lower average product per individual with a higher average wage than was or is produced by the individual without the union. A few years ago an ordinary bricklayer would lay 3,000 bricks a day. Now the union places 800 as a day's work and imposes a fine for ex-

ceeding that number. On page 216 of the seventh Special Report of the United States Commissioner of Labor we find the startling fact that in the wood-working department of a factory for making machinery, five men produced 121 units before organization and only 103 after. Surely a force that makes for inferiority of product not only in quality but in quantity is not a benefit to society.

The last effect of labor unions which we shall consider is their effect on lawlessness. Lawlessness is increasing rapidly in the United States and you will agree that an organization to be of benefit to society should do all in its power to increase respect for authority that this lawlessness might decrease. No one could say that the unions have this beneficial influence. On the other hand they do much to increase it by law-breaking in strikes, by the use of the boycott, by their refusal to become incorporated, by their encouragement of open disrespect for the constituted authority.

FIRST NEGATIVE REBUTTAL.

Herman Vanderwart, for the negative, laid stress on the phrases "as they now exist," and, "on the whole." He called attention to the very small part of society comprised in the labor union, showing that any benefit for the union members alone was no benefit to society, and was often a harm because in trying to benefit just themselves they felt no consideration for society. He admitted the evils of the trusts but denounced the policy

of meeting one evil with another equally if not more harmful, using the illustration of stopping a runaway train by starting another one on the same track and going in the opposite direction. He denied that it was necessary for labor to meet the organization of capital with a union of the existing type, showing that the real beneficial union was the union of labor and capital for the attainment of greater efficiency.

SECOND NEGATIVE REBUTTAL.

S. A. DeVan, for the negative, denied that there was a growing tendency toward peaceful adjustment, quoting from several reports to show how strikes were increasing, and in how few cases in proportion disagreements were settled by arbitration. He laid emphasis on the fact that the negative did not necessarily try to prove that all union was bad, that all labor unions were always harmful to society, but that the negative maintained that unions in their present condition, as they were now conducted, were harmful to society in the United States. He reiterated his former statement that strikes cause great economic loss to society, a loss that was not counterbalanced by any economic benefit of unions.

THIRD NEGATIVE REBUTTAL.

L. J. Shafer, for the negative, denied the fact that the labor unions have raised wages. He pointed out the

distinction between real and nominal wages and showed by statistics that the rise in real wages had not been so rapid since the great activity of labor unions, stating that wages rose gradually as production became more efficient, and that the artificial raising of nominal wages by the union really retarded the rise of real wages by increasing the cost of production. He also called attention to the unreasonable demands of unions for a still shorter day than the almost universal eight hour day, and repeated the fact that the artificial shortening of hours was a harm to society.

REFERENCES.

George Howell, *The Conflicts and Capital and Labor.*
George Howell, *Trade Unionism, Old and New.*
William Trant, *Trade Unions.*
U. S. Reports (special and regular).
Labor Reports of New Jersey, New York, and Mass.
Encyclopedia of Social Reform, *Labor.*
Ely, *Labor Movement in America.*
E. L. Bogart, *Economic History of the United States.*
Lavasseur, *American Workman* (Johns Hopkins University Studies, extra vol. series).
S. Newcomb, *A Plain Man's Talk on the Labor Question.*
Seligman, *Political Economy.*
Gide, *Political Economy.*
International Year Book, *Labor.*
Bell, Richard, *Trade Unionism.*
Trant, W., *Trade Unions, Their Origin and Objects, Influence and efficacy.*
Maine Bureau of Industrial Statistics, 1907, *Labor Unions.*
Kennedy, J. B., *Beneficiary Features of American Trade Unions.*
Annual report of the Bureau of Statistics of Labor in Mass. for 1907.

Position of Labor Unions Regarding Industrial Education, *Annals Am. Acad.*, vol. 33: 185.

Legal Status of Trade Unions, H. R. Seager, *Pol. Sci. Quar.*, Dec., 1907.

Political Economy and the Labor Question, *No. Amer. Rev.*, vol. 176, p. 563.

Trusts and Trade Unions, *Pol. Sci. Quat.*, vol. 19, p. 193.

The Courts on Restrictive Labor Laws, *Pol. Sci. Quat.*, vol. 19, p. 589.

A Quarter Century of Strikes, *Atl. Mo.*, vol. 90, p. 656.

Australian Cures for Coal Wars, *Atl. Mo.*, vol. 90, p. 667.

The Trade Union and the Superior Workman, *Atl. Mo.*, vol. 90, p. 794.

The Eight Hour Law Agitation, *Atl. Mo.*, vol. 65, p. 800.

The Rights and Methods of Labor Organizations, *No. Amer. Rev.*, vol. 176, p. 410.

Popular Science Monthly, vol. 8, p. 586; vol. 33, p. 361.

Forum, vol. 11, p. 205; *Nation*, vol. 37, p. 428; vol. 46, pp. 190, 227; vol. 42, pp. 418, 440.

New York Labor Bulletin, 10, 374.



ARMED INTERVENTION FOR COLLECTION OF DEBTS

XII

ARMED INTERVENTION FOR COLLECTION OF DEBTS

The debate between Baker University and Washburn College resulted in a decision for the affirmative. The question was stated thus: Resolved, That armed intervention is not justifiable on the part of any nation to collect in behalf of private individuals financial claims against any American nation.

FIRST AFFIRMATIVE, T. T. JOHNSTON,[1] BAKER, 1909.

Nearly all small American states have had foreign obligations. The settlement of these claims has led to diplomacy, arbitration, and in a few extreme cases in the past, resort was made to armed intervention. But in view of the progress made during the last few years for the practicable application of peaceful measures, we believe that armed intervention is no longer justifiable for collecting merely private debts, for which the question alone makes provision.

Armed intervention is a bad policy. According to the decree of the Hague Conference, the use of force can only be applied, after the formal declaration of war. Thus armed intervention never means a peaceful blockade.

[1] Affirmative synopsis prepared by Thomas Todd Johnston, captain of the Baker team.

Armed intervention always means a strong nation against a weak nation. There has never been a case where a strong nation resorted to forced collection against another strong nation. But the strong European powers take advantage of weak American states, and on the slightest pretext interfere with their rights. European powers invariably arbitrate among themselves and they should use the same policy in relation to the new world. Arbitration for private claims has always been the policy of the United States, because force disregards the independent sovereignty of other nations. Strength of arms is no criterion of justice.

We defy the negative to justify armed intervention by legality, or by the higher tests of justice and humanity. The negative will argue from precedent, but they can use past cases only in so far as these fit into present conditions.

Armed intervention often defeats its own purpose and does not insure collection of claims. As the old law of imprisoning a debtor made it impossible for the debtor to earn anything with which to pay his debts, so armed intervention by depression of markets and destruction of wealth, defeats its own purpose by blocking the financial resources of the debtor nation.

Claims are often too unjust and exaggerated to warrant hasty and violent collection. If a citizen making wild speculations in a foreign country loses, he wants his country to use force in recovering his loss. But it is not the duty of a nation to protect the squandering of home capital in other countries. By voluntarily remain-

ing in a foreign country, citizens should largely accept its risks along with its advantages.

Under armed intervention the creditor nation can get no impartial access to facts, claims are exaggerated and not proven good before force is applied. Of the cases settled by arbitral tribunal, the highest amount allowed in any case was eighty per cent of the claims, and in some cases it fell to three-fourths of one per cent. In 1861 claims against Mexico were exaggerated to $15,000,000 and proved to be worth only $650,000. In 1881 they were exaggerated to $164,000,000 and proved to be worth only $29,000,000. In 1903 the allied powers virtually wrung $380,000 of blood money from Venezuela.

An interested nation, gone wild with the passion of war, is not as good, as safe or as practical as is an impartial tribunal which deliberately weighs a case in the impartial scales of justice. Armed intervention only determines which nation is stronger, it never determines which nation is right. It sacrifices blood, disturbs international commerce, cripples a weak debtor nation and attempts to force unadjudged claims.

Armed intervention no longer receives legal sanction. At the Hague Conference, the law makers of thirty-five nations voted for compulsory arbitration, while only nine unprogressive nations lined up with the negative for war. Even had things gone no farther we ought to be willing to accept the sane judgment of the parliamentarians of the thirty-five most progressive nations as against the scant array of nine. But things did go farther. The

conference passed the law: "The contracting powers agree not to have recourse to armed force" unless a nation shall refuse to arbitrate, or unless arbitration fails to make a settlement. But arbitration has never failed where tried. The law meant that armed intervention would no longer be recognized as even legally justifiable in any case, as soon as the few stubborn nations came to terms and agreed to arbitrate. These nations, including Venezuela, have come to terms and have arbitrated all their claims, so all negative reference to Venezuela's past refusals to arbitrate is now out of the question. This is the proposition which the negative must meet.

SECOND AFFIRMATIVE, O. HARRY WOODS, BAKER, 1910.

No American country has ever permanently refused to arbitrate purely financial claims. The case of the allied powers in 1903 is the only instance of final refusal. But England and Italy did not even make a bonafide attempt to have the claims settled by arbitration. The British government was influenced more by attacks on the liberty of its subjects than the collection of private claims. The German claims involved more than those of a financial nature. Germany had started her policy of world-wide aggression. Thus the affair of 1903 was not a debt collecting expedition but a punitive reparation — claiming one.

What the negative is arguing for is war, when just peace can be had. The negative would have justice per-

verted and the peace of the world disturbed by a war uncalled for and unjust.

Arbitration has proven just and practicable in innumerable instances. During the last one hundred and eleven years, five hundred and seventy-one international disputes have been settled by arbitration. If armed intervention is just, why is it that a strong nation has never attempted it except against a weaker nation. A strong nation is immune from such injustice, and armed intervention is not justified in intimidating a weaker state.

Again arbitration is practicable. No South American state has ever permanently refused to arbitrate claims, and no South American state has ever refused to pay arbitrated claims. The creditor nation receives its payment for legitimate debts just as surely by means of arbitration as by armed intervention.

Arbitration accomplishes better results than war. It equalizes claims. Under arbitration, the validity of claims are investigated. False claims are thrown out and exaggerated claims placed at their right value. In face of the instances of exaggerated claims, we have quoted, we ask if the negative is arguing for justice.

Moreover, arbitration insures the stability of the debtor nation. There is not a single South American government that would not be plunged into bankruptcy, except Chili and Bolivia, if foreign countries would insist on immediate settlement of claims. So, nations should not use coercive strength and force these nations into bankruptcy and consequent stagnation.

The *creditor nation* receives payment just as soon by arbitration as by war-like methods. Through war, consequent loss of prestige and internal stability, the resources of the debtor nation are weakened, and the payment is retarded.

We should also consider that peaceful settlement of private claims is a step to world-wide peace. At the second Hague conference, there were representatives from all nations. There is now a permanent court to which all nations may bring their disputes. Our American nations are the real leaders for peace, having sent resolutions to the Hague, favoring arbitration. South American states are parties to twenty-two out of sixty-eight arbitration treaties, and the United States has treaties with the South American nations for referring pecuniary claims to the Hague. These South American states are themselves taking the lead for peace and they are willing to submit all claims with all countries to such an impartial tribunal as the Hague Conference.

Let the European nations cease their bullying attitude, their exaggeration of claims, their unnecessary wars against a weaker nation and seek a just settlement of private claims by means either of treaties or the Hague tribunal. It would not only be manifestly unjust for any nation to forcibly collect private claims from an American nation but would also be against the very spirit of the modern christian progress toward justice and peace among nations.

THIRD AFFIRMATIVE, HARRIS R. RUNION. BAKER, 1910.

Effective collection of financial claims by armed intervention means the seizure of property and the occupation of territory, which tends to the subjugation of debtor nations. If Venezuela should resist even when her seaports are captured, then the coercing powers would have to march inland and subdue the country. If the world adopts the policy of the negative, such serious results are very likely to occur. The intervention of England in 1881 led to the permanent occupation of Egypt. Again, Russia's commercial exploitation led to final subjugation, until she was ejected by Japan in the bloodiest war of modern times.

Moreover, intervention, such as that of Germany and England in Venezuela, coming in the midst of civil insurrection, endangers the very existence of the state, and the debtor nation is at the mercy of its creditors.

If armed intervention is justifiable then its results must be justifiable. If we admit that the policy of the negative is a correct one, then we must admit that the subjugation of territory merely for private claims is justifiable.

Again, the policy of the negative would annul the authority of the Monroe Doctrine, which is recognized as international law. This law was violated when Maximilian of Austria was crowned Emperor of Mexico. We challenge the negative to prove that such violation might not occur again. Armed intervention is a direct contradiction of the Monroe Doctrine; for, to be effec-

tive, intervention, always implies territorial occupation and the suppression of governments. Either the Monroe Doctrine or armed intervention must be eliminated. We dare not sacrifice the Monroe Doctrine, for it is essential to the peace of the new world.

The policy of the negative would be disastrous to neutrals and other creditor nations. Neutrals would be injured by the interruption of international commerce and other serious complications.

Furthermore, the nation resorting to force, appoints itself as judge, jury, and police, intervenes, secures whatever is available,— disregarding the rights of other creditor nations.

The policy of the negative would be disastrous to world peace. Nations that have stooped so low as to use force in collecting private financial claims have received the censure of the rest of the world. The investments of a few speculators should never give the slightest cause for war.

The history of arbitration proves that the world is fast approaching peace. Twelve nations have agreed to settle, not only financial claims but all manner of international disputes by arbitration. And the fact that arbitration awards have never been revoked, nor even appealed, proves that they are eminently just.

The negative are saying much about Venezuela's past refusals to arbitrate. But these are now out of the question, for Venezuela has agreed to arbitrate and has arbitrated her claims. And never in the history of the

world has any nation, which has agreed to arbitrate, ever refused to abide by the arbitration in good faith. The affirmative have shown first, that armed intervention is a bad policy; it means war; it means a strong nation against a weak nation; it often defeats its own purpose by blocking the financial resources of the debtor nation; it attempts to force unjust and exaggerated claims; it is denounced by tests of justice and humanity and, since nations have agreed to arbitrate, it is no longer legally justifiable. Second; arbitration or similar means is available in every case and accomplishes better results than war. It has proven satisfactory. No American state has ever permanently refused to arbitrate purely private financial claims. The nations have agreed to arbitrate. Third; the policy of the negative would be disastrous; because it means suppression of governments; it endangers the existence of South American republics; it annuls the authority of the Monroe Doctrine; it would be detrimental to neutral powers and other creditor nations, it would retard the progress to world-wide peace.

We must clearly remember that Venezuela's past refusals are out of the question, for Venezuela has agreed to arbitrate, and has arbitrated all her claims.

AFFIRMATIVE REBUTTAL.

We have quoted numerous authentic statements of the fact that no nation in the present refuses to arbitrate

financial claims. This, the negative have failed to meet. If nations gladly settle claims by peaceful means, how could armed intervention be justifiable?

The negative based a great deal of their entire contention on the case of the allied powers back in 1903, when Great Britain had a public debt to collect, Germany a boundary dispute; it was not a case of private financial claims, and therefore has no logical connection with the question for debate.

The negative pictured Venezuela as a place of fraud and corruption, and then inconsistently made the plea that it was the duty of a nation to use force in protecting citizens doing business in that sort of a place. But it is not the duty of a nation to foster the squandering of home capital in nations of such uncertain tendencies. A nation, for example the United States, is loyal in protecting its citizens, but it believes first in testing the validity of claims and then making peaceful settlement, rather than pouncing upon a weak debtor nation for unadjudged claims.

Had the United States followed the policy, justified by the negative to-night, United States would have had at least one serious war with Venezuela during the Roosevelt administration for collecting claims which the Hague Conference has since proved were unjust.

Such a war would have been tyrannical oppression of Venezuela, and far below the honor of any nation that believes in fair play.

Venezuela is the only nation which the negative could cite that ever made even temporary refusals to arbitrate

private claims; Venezuela never did, except under Castro, Castro never did except against the wishes of the Venezuelan people; but Castro has been deposed, and Venezuela, the last resisting nation, has gladly arbitrated her claims. The negative have based their contention on past conditions.

The negative, failing to satisfactorily prove the justice of armed intervention, accepted arbitration as a general principle, thus resting their entire case on the unwarranted fear that a nation might violate its national honor at some indefinite time in the future. The gentlemen of the negative made the assertion that compulsory arbitration means war. But the gentlemen are mistaken. Two or three nations, working together, can compel any nation to arbitrate simply by the declaration of non-commercial intercourse with that nation. Thus no claims are dropped, thus all just claims are collected, thus no unjust claims are enforced.

FIRST NEGATIVE, MERRILL TEMPLETON,[1] WASHBURN.

Before discussing this question further it is of great importance to understand what classes of claims are to be considered. The American Journal of International Law says private claims of a pecuniary nature are of three classes; Those arising from acts of violence, false imprisonment, and expulsion, those arising from destruction or confiscation of property, those arising from broken contracts. All three classes are clearly included

[1] Negative synopsis prepared by Merrill Templeton.

in the wording of this question; furthermore the direct testimony of eminent lawyers supports this testimony (letters supporting this interpretation were read from Jackson Att. Gen. of Kans. and Amos Hershey, Prof. of International Law at Indiana Uni.); and the history of the question shows that rarely if ever has intervention by force occurred for contractual claims alone, but in nearly every case at least two and often all three causes were involved.

We do not oppose arbitration where it can succeed; we do not defend unjust claims; the amount of disputed claims should always be settled by some impartial council. But intervention is justifiable in two cases, when the debtor state refuses to arbitrate, and when the debtor state refuses to abide by the decision of the arbitration council. Time will no doubt make armed intervention unnecessary as it has already done in Mexico, Argentina, and Chili; but we are discussing this question under present conditions and the removal of this one source of responsibility would cause commercial chaos. A typical case of armed intervention was that of Great Britain, Germany and Italy vs. Venezuela. These countries after repeated attempts to make a peaceful settlement blockaded Venezuela's ports and forced her to arbitrate. The claims were reduced to the lowest possible estimate by a mixed commission and then the controversy was taken to the Hague Tribunal which upheld the course of the intervening powers. On the basis of justice and business honesty, armed intervention is justifiable. Finally armed intervention is legally justifiable. Inter-

national law (Moore's Digest) declares "that a sovereign cannot be sued in his own courts without his consent; he cannot be sued in the courts of another state. When a foreign citizen has a claim against the government of another country his only means of redress is appeal to his own government." This is the policy of the great nations notably, Great Britain, Germany, United States. And finally and most significant of all this is the policy supported by the Hague Tribunal in a specific decision, in 1907. "Nevertheless this agreement (to arbitrate contract claims) will not be valid where the debtor state refuses to arbitrate, renders impossible the conclusion of a protocol, or refuses to comply with judgment rendered."

SECOND NEGATIVE, WILLIAM LANDAU, WASHBURN.

First, some effective sort of intervention is necessary because, cases of injustice arise too flagrant to be ignored. Justice to foreigners is perverted first because their laws are unjust. Extracts from statutes were introduced especially one from statutes of Salvador providing that "there is no denial of justice when a decision is rendered even if said to be iniquitous or in express violation of law" and from Venezuela's law providing "An exaggeration of claims is punishable by loss of all right to indemnity, a fine of 350 to 3,800 Venezuelos and imprisonment of from three to twelve months." Secondly their courts are corrupt as shown by the typical example of the New York Bermuda Co. vs. Vene-

zuela case. Thirdly their governments are unstable — Ecuador has had twelve constitutions, Colombia has had ninety constitutions — and the governing class is corrupt and irresponsible.

Second, the use of armed intervention is the only effective method where the debtor state refuses to arbitrate or where she fails to abide by the decision of the arbitration council. (Two cases were presented where these states refused to arbitrate and three cases where they refused to comply with the decision given.) To let these debts go unpaid places a premium on dishonesty. The world powers and the Hague Conference have decided that armed intervention is the only effective method of collecting in these two cases.

THIRD NEGATIVE, M. LYLE CAMPBELL. WASHBURN.

The affirmative have been unable to show any effective, peaceful means of collecting claims where arbitration fails. If they have such a plan they should have presented it long ago and not left it until their rebuttal when we cannot consider it. However some of the proposed measures like compulsory arbitration and the commercial boycott are ineffective. To be successful they would require the concerted action of all the great powers which the selfishness of the unaffected nations would make impossible; they have never been successfully used in such cases, and they have never been recommended or seriously considered by the Hague

Tribunal. The only alternative the affirmative can offer is to let the matter drop.

My first colleague has shown that armed intervention in the two cases under discussion is legally justifiable; my second colleague has shown that it is necessary; I wish to show that the final results of armed intervention are not pernicious but on the whole are beneficial. It does not endanger the sovereignty of the debtor states. Mexico, Peru, Brazil and Argentina have all been subject to armed intervention, yet their governments are stronger to-day than ever before; and the successful establishment of the Monroe Doctrine insures against such a possibility in the future. The objection is often made that armed intervention is unjust to the neutral creditor nations, but the Hague Tribunal after considering this very case declared that the neutral powers had profited by the operations of the intervening powers. Our policy would promote business enterprise in these countries and induce the influx of foreign capital for investment which is the greatest need of these countries. And finally it would teach them a valuable lesson in international ethics and show them that they cannot make weakness a cloak for wrong-doing.

The policy of the Hague Court is the logical and inevitable conclusion from the analogy of civil law. If a man refuses to pay his just debts he may be sued and his property taken by force. In our case the defendant is the debtor nation, the plaintiff is the creditor nation and in the absence of an international police power the

Hague Court has decided that the creditor nation has the right corresponding to the sheriff in the civil case. This is the only plan, which is both just and effective and this is the plan for which we contend.

NEGATIVE REBUTTAL.

The affirmative have admitted our interpretation and consequently all three classes of claims must be considered. The affirmative have been unable to enforce their statements by statistics or by actual examples. They have claimed that Latin-American states do not refuse to arbitrate but we have given at least five specific examples where they either refused to arbitrate or to abide by the arbitration decision.

They have shown that practically all of these countries have signed agreements to arbitrate such claims but, to become effective these agreements had to be ratified by the home government and only five states have so ratified them, United States, Mexico, Peru, Guatemala, and Honduras, and of these only the last two would be liable to be subject to armed intervention.

They have spent practically their whole time in showing the superiority of arbitration but where we show that arbitration fails their whole argument falls to the ground. The crucial question of the whole debate is whether, when arbitration fails, we shall let the matter drop or resort to force. We say use peaceful means if possible, but where the debtor state refuses to arbitrate or to comply with an arbitration decision armed intervention is necessary and justifiable.

REFERENCES.

Edington, T. B. *The Monroe Doctrine*, chap. 22–28.

Moore, J. B. *Digest of International Law.*

Crichfield, George W. *Rise and Progress of South American Republics.*

Hull, W. I. *The Two Hague Conferences.*

Penfield. Proceedings before Hague Tribunal in 1903.

Statesmen's Year Book for statistics.

Arbitration and the Hague Court, John W. Foster.

The Federation of the World, Benjamin Trueblood.

The Peace Conference at The Hague, and Its Bearings on International Law and Policy, G. F. W. Holls.

Conciliation Pamphlet. The work of the 2nd Hague Conference, James Brown Scott, Doc. 5, Jan., 1908.

Conciliation Pamphlet. A League of Peace, Andrew Carnegie.

Conciliation Pamphlet. Results of the 2nd Hague Conference. Doc. 4, Dec., 1907. By D'Estournelles de Constant and David Jayne Hill.

South Amer. and the Peace Movement, by Señor Diego Mendoza. *Independent*, July 5, 1906.

Path to Peace, Wm. J. Bryan. *Independent*, Aug. 30, 1906.

Pres. Roosevelt at the Hague. Independent, Dec. 21, 1905.

Venezuela and the Hague, H. W. Bowen. *Ind.*, Dec. 20, 1906.

The Third Pan-Amer. Congress. Ind., Nov. 8, 1906.

Hague Conference. Outlook, 88: 625–6, March 21, 1908.

International Law. Outlook, 88: 607–10, 1908.

Calvo, *Review of R's.*, 34: 216–8, August, 1906; *Nation*, 86: 390–1, April, 1908; *Outlook*, 88: 573–4, March 14, 1908; *Ind.*, 61: 200–5, July, 1908.

South Amer. and Peace. Ind., 61: 16–7, July, 5–06.

Venezuela Refuses to Arbitrate. Outlook, 88: 573–4, March 14, 1908.

America's Proposition for Peace, Bartholdt. *Ind.*, 59, Dec. 21, 1906.

Calvo Doctrine. R. of R's., 34: 216–8, August, 1906.

Forcible Collection of Debts. Atlan., 98: 542–50, Oct., 1906.

International Debt Collecting. Outlook, 83, June 16, 1906.

International Law on War. Outlook, 81; Dec. 30, 1905.



EDUCATIONAL QUALIFICATIONS FOR SUFFRAGE

XIII

EDUCATIONAL QUALIFICATIONS FOR SUFFRAGE

The first intercollegiate debate between the University of Chattanooga and Cumberland University was on the question stated below. Each college was represented by a team of two students. Each speaker was allowed twenty-five minutes, with five minutes for rebuttal for the affirmative. Chattanooga defending the negative won the debate. Resolved, That Tennessee should adopt an amendment to her constitution requiring an educational qualification for suffrage.

FIRST AFFIRMATIVE, LLOYD FLETCHER,
CUMBERLAND UNIVERSITY.

This amendment will contravene neither the letter nor the spirit of the Federal Constitution; great evils arise from ignorant ballots; it would be an incentive to learning; it would eliminate the ballot of the ignorant voter who dreams of his native home across the sea; it would not be the same principle which moved that immortal hand to pen the Declaration of Independence. Having these propositions for our major premise we will give each one, in due order, a cursory review.

Would this amendment be in contravention of the letter or spirit of the Federal Constitution? Where is the ground for an affirmative contention, when this great basic instrument of American legislation guarantees to

every state a republican form of government, and when it expressly says that all powers not delegated to the United States are reserved to the several states? This great instrument, broad as the assertion may seem, does not confer the right of suffrage upon any man. One of its amendments, be it constitutional or unconstitutional, only forbids any discrimination on account of race, color, or previous condition of servitude. The right of suffrage is not one of the requisites of citizenship. And the Constitution does not deny the states the right to require their inhabitants to remove any reasonable disability before they become qualified voters.

It has been said that ballots in the hands of ignorant voters are much more to be dreaded than the arms of invading enemies. And we believe that this proposition came from no idle mind; and that it was uttered by no insincere tongue. For is it not a fact that a great deal of fraud is practiced upon the illiterate voter by his more enlightened brother, who takes advantage of his ignorance. In this case whose sentiments are expressed? Would it not be better for these illiterates to lose their votes, than to let them cast them in such a hazardous manner? This is equivalent to stuffing the ballot box which largely contributed to the decline and fall of the greatest nation that ever flourished, the Roman Empire.

In the next place we contend that this movement would induce people to secure, at least, some education. What man would not spend some of his time to prepare himself to meet the demands of his state?

There is a class of people coming daily, in hordes and in droves, coming not to mingle with our people that they may learn the principles of self-government, but they are coming after the treasures of this fair Republic. They are taking the oath of allegiance because it costs nothing, and because an oath is not binding upon their consciences, intending to return, when their lust for gold has been pacified, to their home beyond the blue. We cannot afford to trust the reins of government in the hands of this class of people. This we must commit to learned hands, for upon the shoulders of the educated American manhood rests not only the future of this great state, but of our nation. We cannot afford to be held back by a class of "do-nothings." Men have no right to bury their talents in the grave of a non-user or to fling them to the winds of vanity, and for this reason alone we should not be led by the seductive pleadings of the opposition. Illiteracy is the means of corruption. It is the broad highway upon which grafters frequent.

Though our brothers to the north do howl and say that we are violating the provisions of the Constitution by disfranchising the Negro, we should adopt this amendment, for they have no right to prescribe rules and regulations for the South when the conditions which exist here are so different from those to which they are accustomed. They are the means through which these conditions were brought about, but the punishment is visited upon us. Let's tell them to cease tooting the horn of Yankee Doodle in the Band-Wagon of DIXIE.

SECOND AFFIRMATIVE, B. D. SHRIVER,
CUMBERLAND UNIVERSITY, 1909.

The annals of mankind from the very dawn of civilization, teach us that when men band themselves into organized societies to promote their general welfare, there should be laws to control the actions of individuals and the weak must inevitably yield to the stronger; that progress everywhere has been effected by those individuals who are superior to their fellows and able to assert their superiority. The first step toward any true science of government must be the recognition of this law. It has been said by an eminent writer on social evolution that the government of the lower classes is a trust for civilization imposed by some unknown power or authority upon those people highest in the scale of thought and material progress.

Fundamentally then, a significant phase of the proposition before us is, whether considerations of political ethics or political expediency can be such as to justify the assumption of control by the educated over the uneducated.

We are confronted with social and political problems graver in character and more far reaching than any we have ever before encountered. A successful, permanent solution appears to be invariably associated with conditions favorable to the maintenance of a high standard of social efficiency. It must be through education that these conditions are consummated. We contend that an educational qualification for suffrage is one of the best

methods to bring about this high standard of citizenship.

A common school education sufficient to enable one to read ordinary English and write a legible hand is within the reach of every son of Tennessee. And by requiring this educational qualification for suffrage, we claim that every man worthy to be a citizen of this great state, will acquire an education sufficient at least, to enable him to vote. This, we maintain, would increase the interest in education and fire the hearts of our young men with an ambition for higher and nobler things in life, thereby elevating our citizenship to a much higher plane.

Thomas H. Huxley once made use of this metaphor: "Suppose it were perfectly certain that the life and fortune of every one of us would, one day or other, depend upon his winning or losing a game at chess. Don't you think that we should all consider it a primary duty to learn at least the names and the moves of the pieces: to have a notion of a gambit, and a keen eye for all the means for giving and getting out of check? Do you not think that we should look with a disapprobation amounting to scorn upon the father who allowed his son, or the state which allowed its members, to grow up without knowing a pawn from a knight?" It is a plain and primary truth, that the future destiny of our state depends upon our knowing something of the rules of a game far more difficult and complicated than a game at chess. The chess board we will suppose, is the state of Tennessee; the pieces are the great industrial, social, and political problems that confront us,

and the first rule of this great game is to know how to read and write. We do not require the citizen to know all the rules to get in the game. Our only demand is that he learn to make the first move; and we believe he will then become so interested that he will endeavor to play it successfully to the end.

The position of our state, as compared with others, is low in the scale of mental culture. It is our sacred duty to adopt such methods as will tend to advance the standard higher. And this can only be done by elevating the citizenship through education. There are many other reasons why it appears proper and expedient for us to amend our organic law to meet the necessary demands of our present social conditions. The most important of these is that which relates to the race question. The transforming of the stupid negro from slave to sovereign, from semi-savagery to super-civilization, by a single act of congress, created the most remarkable situation in the history of our country. It was W. C. Brann who truly said: "The greatest injury ever done the people of the South was the act of the Federal Government in making the black man coordinate sovereign of the state. It has debased the great army of voters, poisoned the political organism by injecting into it a vast mass of ignorance destitute even of a sense of honor." The negro is dangerous in politics because he knows nothing of the power to govern, he is reckless and irresponsible, and can be easily influenced and led to most any extreme by the demagogue.

We claim the most efficient and satisfactory method of dealing with this evil, this curse to our body politic, is the adoption of an educational qualification for suffrage. This method would eliminate about ten negroes to where it would one white man, and thus place the science of government back in the hands of the only race of people that can ever dominate this country. The political creed of the Southerner is, that the white man must rule at all hazards. This is the dominant principle throughout the fabric of our social existence. Our future destiny rests upon the wisdom of its solution. In the face of the Federal Constitution what other means have we, the people of the South, of settling this vexatious question which is forever disturbing our tranquillity and threatening our very existence, but the method we are to-night advocating? It is being tried in a number of our Southern states and is proving a long stride toward the settlement of the race question as well as eliminating much corruption in politics. Our duty is sacred. Let us meet this great responsibility squarely and continue our advancement toward a higher and grander civilization.

AFFIRMATIVE REBUTTAL.

There is one proposition that was brought out by the negative to which we want to direct your attention, and that is, that behind every ballot there is some responsibility. This is just what we want to impress upon you. How can you place a responsibility upon a man who

is ignorant of his task? An educated man is the only man upon whom you can place this responsibility.

We want to call your attention to a few historical facts which we incidentally referred to in the two preceding affirmative addresses. You know that years of skillful legislation heretofore have been destroyed by the hands of ignorance. All flags which have been covered by the boughs of the laurel bush have gone down to the grave, and have been covered by the hands of its ignorant supporters, because of the want of discretion. Have we a nation to crucify; have we a flag to be carried to defeat by the hands of illiteracy? Let's write intelligence in every stripe of Old Glory. Let's print it in every star which shines in the greatest Constellation of all Republics. Then will our posterity, ten thousand years hence, know the reason why they are, using the apostrophe of a distinguished statesman whose bones have been dust for three score years, "One and Inseparable, now and Forever!"

FIRST NEGATIVE, DAVID A. GOSS
UNIVERSITY OF CHATTANOOGA.

I come to plead for that which our ancestors fought and died, and that which they fought and died for we should fight, and, if need be, die to maintain. An embodied liberty, regulated by law through which society and civilization have blossomed into the fairest and fullest flower. A nation whose watchword, couched in

the language of Mr. Bryan, is "let the people rule." Does the proposed educational qualification for voting in Tennessee sustain this sacred maxim? Does it purpose a stronger union of brotherhood in our citizenship? Does it purpose a stronger spirit of patriotism? Does it purpose an impetus to individual initiative? Does it purpose that the classes wrest the power of government from the masses and by such usurpation of power paternalize a republican form of government? We will prove to you that the proposed educational qualification for voting in Tennessee is in direct violation of the spirit of the Federal Constitution, by calling your attention, first, to that part of it which defines the reasons and intent of the Constitution, the preamble. What constitutes liberty to ourselves and our posterity under the régime of a representative form of government? His privilege at the polls. We plead for the maintenance of the sacred principles of tradition; we plead for the maintenance of our inherited institutions founded on principles of democracy and political purity; on the principle of government "of the people, by the people, and for the people." And not on the principle of government of the classes by the classes and for the classes. In the relation of state and individual there exists certain community of interests which must be maintained at all hazards lest democracy loses the caste necessary for her to maintain in order to endure. In a representative form the individual is a prime factor, the unit of power behind the throne, and to remove him

you destroy the motive power of adequate adhesiveness, you destroy his liberty at the polls, and you destroy his reverence for the flag.

When we review the history of comparative governments, Rome looms up before us to exemplify our contention of the dangers this measure would inculcate. The equal and concerted action of diffused populations through the instrumentality of popular representation was not practiced by the Romans. Representative assemblies elected by the popular masses were not permitted by them, and they had no means of perpetuating cohesion between the individual and the state. She could not hold her vast population together in active political coöperation and living union. She could hold her extended empire together only by military force and the stern discipline of official subordination. Thus, with this gross lack of popular representation the voiceless masses arose and the plebeians fought inch by inch towards the privileges they coveted and finally overwhelmed the patrician and favored class by brute force, and being untrained in the arts of statescraft, the inevitable came.

Article XIV, Section I, of the amendments of the Constitution says that no state shall make or enforce any laws which shall abridge the privileges of citizens of the United States. Shall we maintain the spirit of our Constitution as the living voice of those immortal sages who made it? We should cleave to the principle that "Of son and sire the older head is the wisest." Any suffrage restriction tends to sorely disturb the equanim-

ity of those whom it effects and the most thorough proof of this is a historic review of the Dorr Rebellion in Rhode Island in 1841, when John Dorr and his followers arose in armed rebellion against the constitutional authority of that State in imposing a limitation by certain property qualifications. They gave voice to the imperative forces that were operating throughout the country in the direction of a broad democratic structure of government. They tell us the advantage which would accrue from imposing this restriction would be in a better form of government, better officers, from the exercise of greater wisdom and intelligence on the part of the voter in his selection of men to enact better laws. On a percentage basis, the number of illiterates in the United States is less to-day than at any other time in history. Yet nobody questions the wisdom of the American voter in the election to office of such men as Jefferson, Madison, Jackson, or Lincoln. Do you propose to remedy an evil? Then legislate against the evil. We agree that in some communities votes are a commodity and go to the highest bidder, but the whole of the community is not illiterate. At least forty per cent of them would come up to the requirements. An educational qualification only promises to partially remedy this. The measure is radical. Religion you cannot legislate into people. Education you cannot if there is an alternative. We must have no alternative. The enactment and enforcement of compulsory educational laws would be the better solution. It is not a crime for an illiterate man to vote on account of his

illiteracy and no legislature can make it so. Standards of right and wrong are not created in legislature, and when they transcend the purpose for which they were created, then you are moving towards the centralization of power and autocratic government. This measure is uncalled for. The fact that other states have amendments limiting the negro votes is no reason why we should have one which affects our white citizens equally with the blacks. It doesn't solve any race problem. It doesn't assimilate the negro. It doesn't educate the white man. We don't need it. Our country's traditions forbid it, and a review of our achievements as a nation bids fair to sustain us in disapproving it.

SECOND NEGATIVE, F. C. SIMS,
UNIVERSITY OF CHATTANOOGA.

All government is based upon the consent of the governed. The doctrine of American liberty, which is the equality of human rights based upon our common humanity, must not be destroyed. Suffrage not a right? I must say that it is a natural right! If I have a natural right to my life and liberty, have I not an equal right to everything that protects that life and liberty that any other man enjoys? I should like you to show me any right which God gave to you, which He also gave to me, for which He has given you a claim to any defense He has not given to me. If suffrage is not a right, in what sense can that doctrine that "All men are created equal" be applied? We are not equal in

capacity; we are not equal in circumstance; we are not equal in weight, or build, or height.

All the affirmative argument may be summed up in two lines from Goldsmith, to-wit:

"For just experience shows in every soil
That those who think must govern those who toil."

Without conceding that that is, in any sense, true, I would answer it as the same man, in common sense, answered it himself:

"The good, 'tis true, are Heaven's peculiar care,
But who but Heaven shall show us who they are?"

Universal suffrage is politically expedient. Universal suffrage helps man to feel that he has a place and a voice in affairs that concern him, thus keeping the future bright, and him in a happy frame of mind. The vote has often been the mating of man with his own responsibilities. To every ballot there is some responsibility. Politics, owing to the fact that they are so widely discussed by people of every class, are a source of educational development, in which a commonwealth is always interested. Hence, the interest of the state is increased.

Suffrage is the only efficient protection of rights, and the unlearned man needs that protection. "There is no instance on record," says Buckle, in his History of Civilization of England, "of any class possessing power without abusing it." Domestic tranquillity is better as-

sured when each man has his vote. In the foundation of this government the strength of the new American Republic was to be found in local custom and local authority. Personal rights, the most precious of all, were to be secured by local power. When Charles V. began to dream of universal empire, the Netherlands revolted; when the English crown became oppressive, Parliament fought; and when England began to curb the rights of her American colonists, the great Revolution resulted. Universal suffrage makes it highly possible that the right solution to public questions will be found. Whatever our politics, it is not for you or for me to say whether the prohibition laws of Tennessee are what is most desirable, but for the people. Twenty-six per cent of her population is illiterate. Without that twenty-six per cent those laws would not be on the statute books. Now, it must be what most people desire, democrats as well as republicans and prohibitionists, as shown by the legislative combinations, from which we deduce the proposition that political wisdom is gained by the addition of every class consulted. This unqualified right has shown its strength and worked well in practice, "While our (political) history for many years," says Curtis, "has been a systematic endeavor to debauch the national conscience and destroy the American idea."

The argument brought forward to prove the expedience of universal suffrage is unsound. The evils of American politics are, in the main, due to other causes. 'Tis Foraker that needs lancing to free our

politics of the gathering mass of corruption; some Standard Oil Company that needs bleeding to relieve its strong reserve. There are those who look with envy at Great Britain and Germany, where they claim to find less political corruption and more efficient government. But they overlook the fact that political corruption may be due, not to the ignorance of those who are bought, but to the corrupt powers of those who buy; and they do not know that Great Britain and Germany have made rapid advances in democracy, and as they advanced in trust of the people, they have advanced and not retrograded in political and municipal purity.

If there are any evils in suffrage as it exists to-day, they can be remedied in less dangerous ways: for instance, by better laws respecting bribery and corruption. In this way nothing partial will be done to the educated, and the ignorant and innocent will not be alone affected. I would also suggest better residence and registration qualifications.

Such an amendment would work great harm in practice. Usually a man has less scruples about injuring or defrauding a man whom he knows has never assisted him. This movement is largely to get around a majority vote of the negro. In Georgia a respectable white man may be required, on going to the polls, to read a few lines from a child's First Book, or the most simple passages from the constitution, while the colored man must often read the most difficult passages of English, not infrequently having substituted Latin or Spanish. This is abuse and the worst sort of cor-

ruption. Bosses and machines will continue to be as powerful, because the disfranchisement of a number of citizens will lessen the complexity of their problems. The influence of money and corporations would not be lessened. The indifference of the better classes cannot be removed. Suffragists, your rights were once qualified! but in a Nation's progress the bonds of servitude have been severed. Shall we take a step to the rear?

REFERENCES.

Hart, A. B., *Handbook of History, Diplomacy and Government.*

Lecky, W. E. H., *Democracy and Liberty.*

Goodnow, F. J., *Municipal Problems.*

Shaler, N. S., *The Citizen.*

Atchinson, R. M., *Un-American Immigration.*

Eliot, C. W., *American Contributions to Civilization.*

Bliss, W. D. P., *Encyclopedia Social Reform.*

Outlook, vol. 67, p. 648; vol. 64, p. 434; vol. 67, p. 329; vol. 68, p. 711; vol. 73, p. 622; vol. 91, p. 114.

Nation, vol. 3, p. 371; vol. 8, p. 125; vol. 82, 175.

North American Review, vol. 103, p. 241; vol. 127, p. 1; vol. 136, p. 119; vol. 137, p. 413; vol. 139, p. 492; vol. 144, p. 298; vol. 156, p. 27; vol. 158, p. 203; vol. 168, p. 285; vol. 175, p. 534; vol. 177, p. 837; vol. 183, p. 484.

Forum, vol. 1, p. 209; vol. 3, p. 170; vol. 9, p. 117; vol. 11, p 29; vol. 14, p. 159; vol. 26, p. 393; vol. 32, pp. 460, 686.

Atlantic Monthly, vol. 43, p. 71; vol. 78, p. 441.

Century, vol. 37, p. 621; vol. 67, p. 474.

Popular Science Monthly, vol. 26, p. 194.

Annals Am. Acad. of Pol. and Soc. Science, vol. 15, p. 493; vol. 19, p. 408.

Independent, vol. 60, 463.

R. of Reviews, vol. 33, 404.

Pol. Sci. Quart., vol. 22, p. 484.



THE CLOSED SHOP VS. THE OPEN SHOP

XIV

THE CLOSED SHOP VS. THE OPEN SHOP

As the compiler of this book has been unable to secure a satisfactory report of an important debate on the open shop question held during the year a report of an earlier debate is used. Chicago University upholding the affirmative of the following question lost to Northwestern University defending the negative. Resolved, That in labor disputes workmen are justified in demanding as a condition of settlement that their employers agree to employ only members of trades unions.

The speeches of this debate depend so largely upon the next preceding that they are here given in the order of their delivery rather than by sides, as in the other reports of this volume.

FIRST AFFIRMATIVE, GEORGE O. FAIRWEATHER, UNIVERSITY OF CHICAGO.

We realize the existence of a certain prejudice against labor organizations due to acts of violence done in their name. We wish to make our position upon this point clear at the outset. In the first place we have no apology to offer for any lawlessness or violence; we condemn all such practices as earnestly as any of you. In the second place, the debate is upon the merits of the "union shop" — the end in view, not the means. We have no more right to condemn the "union shop" because of some bad methods used in the effort to obtain it, than we have to condemn the British government for extending the

franchise in 1830 because the people resorted to riot.

We base our case upon three contentions: First, that the trade union is absolutely necessary to the workman; secondly, that the "union shop" is absolutely necessary to the security of this trade union; and thirdly, that there can be no adequate reason for denying this demand because of present trade union abuses.

The workingman must have the trade union. Why? He must work. You know that to satisfy the bare needs of his family the workman is driven to find his work, day after day, and an opportunity to satisfy those needs. He finds but two or three employers who use the particular tool that he understands, or the special machinery he knows how to operate; and he finds those employers able to wait until the fierce compulsion of necessity forces him to sue for terms. He finds, too, that there are a dozen of his fellows driven on by the same compulsion, each desperately striving for just this position; and still capital is able to sit back and wait until this killing struggle leads the cheapest man to work the longest hours, for the lowest wages, and under the most degrading conditions. This competition never lets up. In the clothing trades of Chicago the task was to make ten coats in a nine hour day. This competition raised, until now a man must work sixteen hours, making twenty-five coats; and even then he is not sure of his work the next day. This is the sweatshop — the logical outcome of the system of individual bargaining where the workman is absolutely at the mercy of the employer. To properly readjust these conditions, the trade union

has been created. The trade union has enabled the workers to become men. It has enabled them to get a fairer share for their labor. It has enabled them to work for a normal day. It has enabled them to work under decent, safe, sanitary conditions.

Our second proposition is equally clear. Without the "union shop" and its benefits, workingmen are constantly in danger of destruction. The mere presence of the men outside a union is a constant menace to the influence and integrity of the trade union. The trade union means everything to the economic welfare of the people. This trade union has been bitterly fought in every place where it has been introduced. Capital formerly fought it through the law. And what means has capital in use to-day in its effort to disrupt the unions? It takes the means of the "open shop," where it uses the non-union man as a club to drive the union man out of the union, upon pain of forfeiture of his employment. It is the most natural thing for capital to do.

The great achievements of trade-unionism are constantly in a perilous condition. Here is the trade union constantly striving to benefit the working class; opposed to that force is the employer who will have the cheapest man. Opposed to that force is also the non-unionist, ever ready to cut just a little below any position taken by organized labor for decent conditions and living wages. And in the face of these two factors, whatever benefits organized labor can bring to the great body of the nation are constantly in danger of destruction, and the workmen in peril.

FIRST NEGATIVE, JOHN MASSEN,
NORTHWESTERN UNIVERSITY.

The affirmative speaker has told you that every man outside of the union is an injury to every man within the union. This is the plea upon which all trade unions base their demand for the "closed shop." But their contention is far from being true. The acts of the trade union itself repudiate this assertion. The very fact that all trade unions exclude many men from their ranks, is ample proof of the fact that they do not, and need not fear the honest competition of the non-union man.

But even if this competition were dangerous we would place beside the assertions of the affirmative that famous and eloquent passage in the report of the Anthracite Coal Strike Commission: "However irritating it may be to see men enjoy benefits, to the obtaining of which they refuse to contribute, the fact remains that every man has the right to dispose of his personal services as he sees fit."

Not only is the "closed shop" to be justified for organized labor as a whole, but we must consider its effect upon all parties affected by the agreement. We must take a broader view of the question than has been taken by the gentleman of the affirmative. We must consider the effects of the "closed shop" upon the non-union man, whom it excludes; upon the employer, whom it antagonizes; upon the public, which it would have the power to exploit; and upon those fundamental rights,

which are the basis of American government, and which the "closed shop" seems to repudiate.

It must be perfectly apparent to you that this question is broader than the gentlemen would have you suppose. The direct result of the union or "closed shop" is the exclusion of all non-union men from employment. But the indirect results are numerous and equally vital. For instance, the typographical union demands that foremen of the shop shall be union men. The plumbers arbitrarily fix the amount of a day's work. The building trades of Chicago refuse to handle non-union material. And the strikers at the Kellogg plant, when they demanded the "closed shop," demanded also the right of sympathetic strike.

Thus we see that the "closed shop" has certain indirect and pernicious results; that it implies among other things that the union shall dictate who shall be employed and who shall be discharged; that it shall fix not only the length, but also the amount of the day's work; that shop management shall be subject to the approval of the union; and that the employer shall become a party to the boycott of non-union material, and the so-called "unfair" consumer.

We mean to show that this "closed shop" is dangerous; that violence is the only method of attaining it; that it is an economic disadvantage; that it violates the rights of the employer and the individual workman; and that it destroys the freedom of contract. This means a sultanic power, which under present labor

conditions, naturally is, and would be, greatly abused.

We admit that labor organizations have helped to remedy many industrial wrongs; but nevertheless they contain many inherent evils and manifest many dangerous tendencies. These tendencies are matters of common knowledge. It is generally conceded that labor organizations crowd down the best man to the level of the poorest; that by unduly limiting the number of apprentices, they keep many men from learning a trade; that they have changed peaceful picketing and moral persuasion into intimidation; that they resort to violence, and even murder, to carry out their designs, and pay the fines of members found guilty of criminal assault; and that they place the demands of the union above those of the state, society, and religion. Certainly an organization with so many inherent evils cannot, with propriety, claim the right to rule industry. For there is absolutely no assurance that an organization guilty of the abuse of great power, will not be guilty of far greater abuses, if entrusted with supreme power. For when an employer agrees to hire only members of a trade union he gives his consent, in effect, to every evil in the make-up of that union. This means a continuation and an aggravation of these evils; for it destroys the possibility of their elimination by an enlightened public opinion. Such an experiment is dangerous, and hence the "closed shop" is unjustifiable.

Moreover, labor unions never hesitate to use violence. Labor leaders may protest their innocence, but the fact

stands — violence is here. Either labor leaders approve of it, or they cannot control their men. Admit either alternative, and you admit conditions which render the "closed shop" positively dangerous. Hence it is unjustifiable.

Not only do labor unions countenance violence, but if they would obtain the "closed shop" they must use violence. For employers will not surrender, without a struggle, their right to conduct unmolested a lawful business. Employers have uniformly refused to surrender their right to hire any competent individual. The law, under our constitution, cannot compel them to make that surrender. Hence the only method by which the "closed shop" can be obtained is by violence.

Moreover, the "closed shop" will mean undue restriction of output, which is one of the greatest of economic evils. In England where trade-unionism has reached its greatest development, restriction of output is rampant. Upon the authority of that ultra-conservative journal, "The London Times," a British mason, to-day, lays only 400 bricks whereas he formerly laid 1,000; because of the restrictions of the carpenters' unions, house finishings must be imported from Sweden; machinists allow only one machine to each man, whereas often, he could easily look after two or three; the shipwrights and boilermakers are notorious for their deliberate restrictions of output; and because of the deliberate restrictions of output by the typographical union, much British printing must be done in Holland;

and finally, says this paper, "Almost every important branch of British industry is permeated with disastrous restriction of output."

The same restriction is true with regard to the industries of this country. The United Garment Workers, have so restricted the output of the St. Louis clothing houses that two of the largest firms have been compelled to go out of business. And this statement is made upon the authority of the official organ of the union itself. This indefensible curtailment of production, which by all laws of logic and precedent, must be greatly aggravated by the "closed shop," is at once disastrous to the employer; demoralizing to the workman himself; and destructive of American commercial supremacy.

SECOND AFFIRMATIVE, JULIAN P. BRETZ, UNIVERSITY OF CHICAGO.

The gentleman claimed that membership was restricted. Now, we have figures to show that last year the American Federation of Labor employed 900 organizers to bring men into the union. The United Mine Workers spent $66,000 last year and $46,000 the year before for the purpose of enrolling every man. On the contrary, we must conclude from these figures that trade unions do not restrict membership, but make an effort to bring all men into the union.

Now, these abuses of which he has not cited specific evidence, can be remedied, and so long as they are not

fundamental principles we maintain that the "union shop" is not to be denied if it is found necessary to the existence of the trade union. The gentlemen have admitted that trade unions are necessary and essential. Now, we find that wherever union men are compelled to work by the side of non-union men that discrimination results, and that the trade unions are brought to a state of disruption. You may find the employer everywhere acting in a way which harmonizes with his own interests. He has resisted factory legislation. He has resisted restriction of child labor. He has resisted everything that means the betterment of the working classes. So you find him to-day discriminating against the union man and trying to disrupt the union. In doing this the employer is constantly threatening the union man. He makes his position insecure and he makes the union a menace to him, as has been shown you in specific cases.

The trade union with the "union shop" does more than this. By its effectiveness it secures for the union man a larger share in the benefits of prosperity. By removing the presence of the non-unionist who undercuts the unionist the "union shop" secures more of the benefits of prosperity. It did this in the case of the Bituminous Coal Workers. In 1897 with the "union shop," wages took an upward turn and from thirty to forty per cent has been the recorded increase. Contrast this with one hundred and ninety-two other industries which register an increase of four, six and ten per cent with the "non-union shop" which these

industries have. Hence, we see that the trade union with the "union shop" secures a larger share in the benefits of prosperity.

Now, in times of depression we find that capital is remorseless in its demands. Managers have been accustomed to reduce wages as the first means of retrenchment. This ought to be the last means, as you well know, for the employees have a standard of life to maintain. It is to avert the worst features of such times of depression that the trade union is helpful. Take the case of the Cigar Workers who maintained a scale of $18.90 notwithstanding the fact that other tobacco workers were working long hours and receiving small pay in that period without having the "union shop." The same is true of every trade under the "union shop."

SECOND NEGATIVE, HORACE G. SMITH,
NORTHWESTERN UNIVERSITY.

They have told you that the trade union is trying to bring all men into the union, that the American Federation has 900 organizers. That is the proper way for them to get men into the union. But if they cannot secure men by fair means such as these, they certainly have no right to force men to join the union. But we find that when the union becomes strong it refuses to admit men. The Glass Blowers have at times refused to allow any men to become apprentices. Many unions charge high dues and initiation fees in order to

keep men out of the union. But as soon as there is danger that non-union men by their competition will injure the union they are admitted as members.

They have said that the non-union man under-cuts the union man. But certainly if the trade union has within its ranks the most efficient workmen they need have no fear of discrimination against them because an employer will always hire the man who will give him the best service. They have maintained that it is unjust for an employer to discriminate against a man because he belongs to a trade union. But the fundamental principle of the system they propose is discrimination. In other words, competent workmen must be refused employment because they do not or cannot belong to a trade union. The actual result of the system proposed will be the removal of the non-union man from the industrial field. It is maintained that this would be an economic advantage to the trade union. But let us consider the effect of such action on the other parties concerned. The "closed shop" is directly opposed to the best interests of the employer. The widespread opposition of employers is sufficient evidence of this fact. But an unprejudiced mind can easily see that any restriction on the employer in choosing men, purchasing material, or in limiting the amount of goods he may produce lessens his chance of making profit. The "closed shop" denies to the workman all opportunity for individual action. Even the more capable man must join the union and submit to its rules. He, too, must serve the uniform period of apprenticeship, and when

in the union he dare not accept a piece-work or premium rate of wage and is thus held down to the union level.

Now, as to the union itself: They have told you that the union was necessary to the workingman and that the "union shop" was necessary to the trade union, but history and present conditions show that trade-unionism can accomplish this legitimate purpose without transcending the rights of the individual workman and those of the employer. For the strength and influence of trade-unionism rests on the principle of collective bargaining. But the exclusion of non-union men is not essential to such collective action. Practically the first national labor agreement made in the United States was that made in 1892 between the Stove Founders' Defense Association and the Iron Molders' Union. This agreement has remained in force with only two strikes during these twelve years. Despite the fact that both union and non-union men are employed, the United States Industrial Commission declared this a most successful system. The same condition has prevailed in the Building Trades of Boston for twelve years. Many similar agreements could be enumerated. Take, for example, the practice of the four railroad brotherhoods. They are among the oldest and most successful national unions in the United States. I hold in my hand letters from a chief officer of each of these organizations in which they say that they do not ask that only their members be employed. Mr. Stone, Grand Chief of the Engineers, says, "We believe when

you do this you interfere with a man's liberty guaranteed under the constitution of the United States."

Now, as to the employer: The "closed shop" takes from him the control of a lawful business. For he cannot select his own workmen, because he must hire only union men and the union determines who shall become union men. Consequently every workman becomes dependent on the union for his position. This inability to work without the union's approval is the reason the more conservative men do not assert themselves when radical action is advocated against the employer. They must go with the union or quit work. For if the union expel a man the employer must discharge him even if he be the best workman in the shop. With this control over the men the union can force the employer to conduct his business just as it dictates. His only alternative is to quit the business.

Now, in the government service, it is clearly against public policy that any man be refused employment except on the ground of incompetence. In fact an efficient civil service system can be maintained only on the basis of merit. Gentlemen, do you propose to overturn our whole civil service system and make membership in a trade union the prime qualification for government employment? Such was the intention of the Bookbinders' Union in the Miller case at Washington. A law declaring that only union men might be employed would clearly be class legislation.

THIRD AFFIRMATIVE, LEO F. WORMSER,
UNIVERSITY OF CHICAGO.

The first argument which the gentleman made was that the "union shop" is illegal. You will remember that he did not cite you one case of any court, American or English, to sustain that charge. On the other hand, we cite you all the union shops that exist throughout this country where only members of trade unions are employed and where the employer has entered voluntarily into that contract.

A second statement was that the union is a closed corporation, but we have shown you that unions throughout the country are endeavoring to bring men into the union, and we cite you the final conclusions of the Industrial Commission, composed of the most eminent sociologists, which says that such regulations as these play a relatively small part in the policy of the unions.

Then, it is asserted that the unions charge exorbitant initiation fees, not citing any particular cases. The Industrial Commission says that the cost ranges from $1 to $5. A few strong organizations levy considerably higher rates, but we find those among trades which are receiving very high wages, and we find there that the initiation fee is only commensurate with the wage realized.

We are told that the union reduces all men to a level. We would point out to you that while the unions do stand for one wage it is not a maximum wage but a minimum — which is usually the mere subsistence

wage; below that amount you can engage no one. But this does not abolish personal endeavor, for men can command and do get higher wages. So we find that in New York where the scale for proof-readers is twenty-seven cents, men in "The Herald" office get thirty-three cents, in "The Tribune" office, thirty-two cents, with "The Journal" and "Times," thirty cents, and with "The World," twenty-nine cents. The Iron molders and the printers get wages above the union rate.

The gentleman says that some unions enter into agreements that do not exclude non-union men. He cited you the case of the Brotherhood of Railway Engineers. He said that ninety-five per cent of the men employed were members of the union. He cited you the case of the bricklayers in Boston, but he did not tell you that the bricklayers in Boston have a stipulation which says that union men shall be given the preference, and he did not cite you the evidence of Mr. James Smith, of the Masons' and Builders' Association of Boston, who is enthusiastic in his commendation of the working of the arbitration plan, and says that he has just one non-union man in his employ. These are the sort of cases they cite you, examples in fact of union shops.

Now, he comes to the employer and he says that this is to the detriment of the employer. But, Ladies and Gentlemen, we would again cite you the numerous cases of union shops existing where the employer is thoroughly satisfied. The Douglas Shoe Co., The Emerson Shoe Co., The Hamilton Shoe Co., and the National Cash Register Co., employ only union men.

Although the Industrial Commission cites cases here and there where unions do restrict output — and we do not claim we are representing a perfect institution — the Industrial Commission did not find that the practice of limitation of output was sufficiently general to warrant them in charging restriction of output as a practice of trade unions in general. On the contrary, the Industrial Commission says that trade unions in America have generally been compelled to abandon their restrictions. I refer the gentleman to Vol. XIX, p. 76, of "The Report of the Industrial Commission."

Furthermore, we find that the strongest unions are unhesitatingly opposed to any method of restricting output. The Miners, Typographical unions, Granite Cutters and Wood Workers are among the number. A linotyper who delivers 3,200 m's per hour is considered a competent worker. The average linotyper delivers 4,000 m's per hour. Carpenters formerly hung only six doors where now they hang fifteen and twenty. Furthermore, we find that the leaders of the widest influence are unhesitatingly opposed to such restriction of output and are continually warning their men against it and these warnings are being heeded.

THIRD NEGATIVE, JOHN BARNES,
NORTHWESTERN UNIVERSITY.

The last speaker asserted that unions do not restrict output. I hold in my hand a letter from the Kellogg Company, dated yesterday, that states that they have

increased their output under "open shop" conditions from forty to fifty per cent, that their men are better satisfied because they receive more wages. To prove to you that the Plumbers restrict output, I cite you the case of a master plumber of Chicago, Mr. Frewin, who by special effort did seven days' work in five hours. To-day in England a mason lays only 400 bricks, whereas he formerly laid 1,000. What do you call that but restriction? When British printing must be done in Holland what do you call that but restriction? The gentleman says that unions in England do not restrict output. Carrol D. Wright says, "I will shortly publish statistics that will show conclusively that unions in England restrict ouput." The gentleman has told you that the railway unions are "closed shop" institutions, and yet he admits that only ninety-five per cent of railway men are in the unions. So long as five per cent are outside of the unions, these are not "closed shop" institutions.

Now, we are not arguing trade-unionism. Each individual demand of the trade union must be judged on its own merits, and this demand for the "closed shop," we maintain is not justifiable. The gentleman has cited cases to show you the success of the "union shop." Success in what particular? For the men in the union? What about the mass of our population that the "union shop" does not help — the employer, the non-unionist, and the public at large? He has told you that there are only a few strong unions that refuse applications. Says their national President in Chicago, "The Plumbers

in Seattle and Pittsburg have an initiation fee of $50 for the very purpose of keeping men out of the union."

Now, labor leaders maintain that when union men are in the majority in any trade they have the authority to enforce their demands. But the case of the union is not that of a democracy where every citizen has agreed to submit to the rule of the majority. Many workmen have never agreed to submit to the rule of the union majority. The trade union is merely a voluntary organization whose rules and regulations control only those who choose to belong to that organization. Hence, it is very clear that such a voluntary, self-constituted body should have no authority either to compel outsiders to join its ranks or to prevent men from working who refuse to join a labor union. Yet this very authority the affirmative would give to the labor organization by granting to it the "closed shop," for then, by hypothesis, all men outside of the union must be deprived of work. Now, there are many men outside of the union. This is shown by the fact that more than 1,000 organizers in this country are giving their entire time to the task of enlisting non-union men. On the authority of Mr. Gompers himself, eighty-six per cent of our workmen are not in the unions, and even in the highly organized trades ten per cent are not in labor organizations. Many of this ten per cent are strongly opposed to certain features of unionism, such as Sunday meetings, unjust treatment of employers, selfish motives, vicious leaders, frequent strikes, and violent methods. These men cannot be persuaded to join the

union. Others cannot join if they so desire. The negro is excluded from many unions. Says Booker T. Washington, "The greatest hindrance to the industrial progress of the negro in the North is the trade union which deprives him of his right to work." The machinists and the painters expressly exclude members of the state militia. The Illinois Federation of Labor has declared by unanimous vote that a man cannot be a member of the state militia and a union man at the same time. In fact nearly every union has an unwritten law against the militiaman. Hence, these three classes, the non-union man from choice, the negro, and the state militiaman from necessity, are barred from membership under the "closed shop" system.

Moreover, the "union shop" is illegal at common law on the ground that it discriminates against one class and grants the monopoly of labor to another. First, note the present tendency of many unions to secure a monopoly of labor by requiring long apprenticeship, by limiting the number of apprentices and actual members. Some unions require five years' apprenticeship. The machinists allow but one helper to every five workmen, and no man may learn this trade after he is twenty-one. It is a well-known fact that the plumbers have so limited the number of apprentices that it is almost impossible for a son to learn his father's trade. This selfish action on the part of unions in these prosperous times would mean monopoly under the "closed shop" system in times of depression. For example, in 1895, twenty per cent of all union men in New York City

were out of work. In such a case, if union men only could be employed, certainly the labor organization would never admit new members to its ranks while twenty per cent of its old members were idle. And thus the "union shop" would have a monopoly of the labor market involving a serious restraint of trade.

You must see that the proposed system is radical and revolutionary; is out of harmony with our free institutions; is antagonistic to our laws; is destructive of that personal liberty proclaimed in the Bill of Rights and in the Declaration of Independence; is in direct conflict with the spirit and letter of the constitution; and is opposed to the consistent public policy of our government since the inception of the republic.

FIRST NEGATIVE REBUTTAL.

They have said that there is no violence of sufficient import to condemn trade unions, and yet we submit that the teamsters of Chicago, who have a "closed shop" organization of the kind and character which the gentlemen defend, have stopped the ice wagon on the warmest day in July, and the coal wagon on the coldest day of January; they have stopped the milk wagon when infant mortality was rising, and the hearse on the way to the grave. It needs little logic to show that an institution which makes possible such public outrages should be given absolutely no chance to establish itself.

The gentlemen have argued that the non-union man, by his competition, "under-cuts" and thus destroys the

security of the union. If the union contains, as it should, the best men in the trade, it need not fear the competition of the less capable non-union man.

Moreover, trade unions invariably exclude many men from their ranks; and so long as this is the case, trade unions cannot with propriety demand the "closed shop" upon the plea that the non-union man is an injury to the men within the union.

There is a simple way by which the union can obtain all the power it needs, and at the same time avoid all the evils of which I have spoken — evils which are inseparably connected with the system proposed by the affirmative. Let them eliminate their unreasonable and violent leaders, and put in their places men who can see both sides of the labor problem. Let them eradicate their violent methods and enforce their demands with a decent regard to the rights of others. Let them discontinue their infamous policy of restriction of output, and give their employer an honest day's work for an honest day's pay. Let them admit to their ranks all honest workmen without regard to color, social position, or official connection. Let them no longer seek to wrest from the employer the rightful control of his business. Then the labor union will be an unmixed good. Then all men will be glad and proud to belong to a labor union. Then employers will be glad to treat with its chosen representatives. Then, and then only, has the labor union a right to demand the control of the labor situation. But that control will be theirs by preference of both employer and employee, and not by force of

contracts wrung from their employer at the sacrifice of the constitutional rights of both himself and the non-union man.

FIRST AFFIRMATIVE REBUTTAL.

The gentleman told you much about the Fourteenth Amendment and about the "legal right"—he says—of the non-unionist to work. The legal question has been sifted thoroughly in this country and in England, and what is the status of the matter? Cases have been decided in favor of both sides—for the "union shop" and against it. But the greatest case is that of Allen vs. Flood, in 1898, in England, where the House of Lords held that a union man had a right to make a contract that none but union men should be employed. That is the law. Moreover, every state in this country has the right to do in such matters as it pleases. The local law determines in each case. Take our own state: In the case of The People vs. Davis, it was maintained that men had a right to make a contract that none but union men should be employed.

Now certain abuses have been recited; but their chief contention has not been based on these abuses, and, moreover, we have shown that these abuses could be remedied. What is our position? We admit that the non-unionist has a legal right to work. That is true. But we maintain that he has not a moral right to work where his presence will sacrifice the interests of the majority, or where, by remaining outside of the union,

he makes it possible for the employer to discriminate against the union man. We maintain that in such cases he is not acting within his moral rights and that he must be excluded from the shop — to go to his "non-union shop" if he will — but not to sacrifice the interests of the great majority of the union men in this country.

But do we in any way discriminate against the non-union man? The very desire of the union is to bring him within its ranks, and to give him the benefits which he now enjoys without sharing the responsibility of maintaining them. Now, what is the evidence in this case? The Industrial Commission says that the cost rates of initiation range from $1 to $5, showing that it is no financial reason that keeps the non-unionist outside of the union. The ratio of apprentices is so high that such regulations of membership, should the union get power, do not play any important part in the policy of tradeunionism. This is the evidence from Vol. XIX, p. 806, of "The Report of the Industrial Commission."

What is the attitude of the strong unions? They do not exclude the non-union men. The Cigar Makers' Union must take in every journeyman who applies. This shows that the non-unionist is not discriminated against.

SECOND NEGATIVE REBUTTAL.

The preceding speaker admitted that the non-unionist has a legal right to work, and he then went on to main-

tain that the union is justified in excluding him from that work. In other words, he would justify the union in doing an illegal act. They have found fault with us for stating certain abuses of tradeunionism and have argued that the union should be given more power and then these evils would be removed, but, tradeunionism has become stronger here in Chicago in the last five years, and have intimidation, coercion and violence become greater or less? According to an article in this evening's "Post" three well-known labor leaders have been assaulted by union men within the last six months, and the paper adds that it seems to be the intention to make it dangerous for any man to oppose the radical union element. The trade union has not become better with its increased power.

Again, the gentlemen seem to have a peculiar idea of the "union shop." We maintain that the "union shop" means that in that shop only union men can be employed. They say that the railroad brotherhoods have the "union shop," whereas a man can be employed for this work whether he is a union man or not. The "union shop" means that the man who does not wear the union button is barred from that shop.

Furthermore, the "closed shop" has been tried only on a rising market, when men denied work in one trade could easily find work in another and when employers could easily meet the exorbitant and never-ceasing demands of the unions. When the inevitable financial depression comes, employers must get rid of the "closed shop." They are even now striving to rid themselves

of the "closed shop," and are inserting the "open shop" provision in all contracts with the unions.

SECOND AFFIRMATIVE REBUTTAL.

The last speaker has told us that the operation of the "union shop" meant among other things the exclusion of the non-union man from employment. We would call to his attention our limitation that to be fair and reasonable this demand should be considered where the demand would be made — in other words in a fairly well-organized shop. As we proved to you in the beginning, and as the gentlemen have admitted, the trade union means the betterment of the conditions, and if the mass of workers in a well-organized shop are union men should not the well being of the greatest number be given the "union shop" which is absolutely necessary to the security of the trade union? — the union which we have shown you, and which the gentlemen have agreed, is the only protection of the working people. He also told us that the employers are uniformly against the "union shop." We would call to his attention the fact that employers always are at the outset against any proposition which means a rise in the conditions of their workers.

The gentleman has called to our attention the abuses of the trade union. We admit that the trade union is not absolutely perfect. There may be some imperfections but they are temporary and not at all inherent in the system, and when the system has been established

the abuses can be corrected as they arise. That was the policy which the employers in New York City followed. They saw certain abuses of the union, but granted the "union shop" anyway and it is now in force in New York while the different abuses are being corrected as they arise.

Now, we admit that there are violent methods. What is the cause of it? Merely the proximity of the union man to the non-union man. We ask you if this separation will not remedy the case?

The gentleman has told us further that the "union shop" is an illegal contract but we would point out that the House of Lords in England has decided in Allen vs. Flood that an agreement to employ only union men is strictly legal and that regulation comes from the highest court upon English common law in the world. Furthermore, in our country and in our own state, we find that in the case of Davis vs. The People it is held by the court that such a contract is legal.

THIRD NEGATIVE REBUTTAL.

The gentleman has told you that the court decisions are at variance. He quoted one court decision in England. I challenge him to quote one court decision in this country that states that a man shall be deprived of work.

He says that the unions are trying to bring all men into the union. That is not true. They are trying to unionize their shops, but I have shown you that the

militiaman and the negro are excluded. The gentleman said that the Cigar Makers' Union admits every man. True. He quoted from "The Atlantic Monthly." If he had read the next line he would have told you that the Cigar Makers' Union is the only union that consistently admits every man.

The gentlemen wish to limit this question to the highly organized trades. If the "closed shop" is a good thing, why not introduce it in the less highly organized trades, the trades that need it most?

Now, they have told you that this is a success. A success in what particular? The graft system is successful in Chicago but you cannot justify it. Why are employers' associations organized to oppose the "closed shop?" Simply because it is not a good thing. It works evil to the employer because it restricts output, and we have clearly shown that it is detrimental to the public at large.

Gentlemen, you have not told us yet what you are going to do with the civil service system, which conflicts absolutely with your system. You have not reconciled this enforced exclusion of non-union men with the personal liberties guaranteed by our constitution. We have shown you that it would be dangerous to grant more power to the labor unions since they abuse the power they already have. We have shown you that the "closed shop" can be secured only by violence; that if it were secured the result would be intensified restriction of output. We have shown that the "closed shop" is not essential to the best interests of unionism, as in the

case of the railroad brotherhoods, and that it is detrimental to all interests outside of the union. But, gentlemen, even if you could prove that the "closed shop" would be a permanent benefit to the union, there is still an *insuperable* and *everlasting* objection to your system. That system in actual practice would deprive the non-union man of the right to earn his daily bread. It would deny to the employer his lawful individual liberty — his constitutional right to conduct unmolested a lawful business — rights which are fundamental to the very existence of our free democracy. Gentlemen, if you repudiate these rights, when another so-called emergency arises, what guarantee have you for us that other hands guided by your fatal precedent will not wrest from us the last vestige of our liberties? Gentlemen, we are contending to-night for the maintenance of our lawful, individual liberty, the liberty sanctioned by the Magna Charta, redeemed by the Bill of Rights, and laid as the very foundation of our free institutions. The "closed shop" denying this liberty can never be justified.

THIRD AFFIRMATIVE REBUTTAL.

The issues in this debate are two. First, is there a vital need for the "closed shop?" Secondly, can the imperfections which the gentlemen of the negative have cited you justify us in denying the workman this protection?

Now, what have been the abuses and imperfections

which they have cited? They hinge about a few points. They still insist that the union restricts output. Our answer to that is this, that no authoritative body charges it to the union movement in general; that in England as well as in the United States seventy-one per cent of the employers favor piece-work. All their cases are based upon testimony in "The London Times." Replying to that testimony, an employer himself says the contention is not proved. The second abuse is that it limits membership. In no case have they cited the Industrial Commission, and why? Because the Industrial Commission comments on the general conditions and not on the particular, exceptional, specific conditions. We have cited you the Industrial Commission which says that this is not the practice in the general trade union.

Now, as regards the employers' opposition: Certainly the employer does not oppose it. By bringing out case after case we have shown you that when the "closed shop" is adopted the employer will not object.

The gentleman referred to legality: Such an intelligent audience as this must know that in the presence of any decision from the highest court in this country, or in the presence of the ruling of the highest court of England, the House of Lords, whose precedents we largely follow, such statements cannot stand.

The gentleman would alarm you by civil service questions. The question in debate deals only with industrial disputes and such the government does not have. Civil service is irrelevant.

REFERENCES.

Eddy, A. J., *Law of Combinations.*

Mitchell, John, *Organized Labor.*

Stimson, F. J., *Handbook of Labor Laws.*

Darrow, Clarence S., *The Open Shop* (pub. by S. A. Block, N. Y., 10c).

New International Year Book, 1907, Strikes and Lockouts, p. 746.

Papers and Proceedings of the 15th An. Meet. Amer. Econ. Assn.; bul. vol. 2, No. 3, Corporations Auxiliary Co.; Bulletin 1903, Nat. Metal Trades Ass'n; Proceedings 8th An. Conv. Nat. Ass'n. of Manufacturers of U. S. A.; Report of the Anthracite Coal Strike Commission, *American Federationist,* 1903; *American Industries,* 1903; The Bricklayer & Mason, Oct., 1903.

Mass. Labor Bulletin, 13, pp. 199, 206.

McClure's, Oct., 1902.

Walling, F. E., *Defeats of Labor,* Ind., vol. 58, 418.

Marcosson, F., *Fight for the Open Shop,* World's Work, vol. 11, 6955.

White, H., *Issue of the Open and Closed Shop,* N. Amer. Rev., vol. 180, 28.

Open Shop in the Garment Trade, Char., vol. 15, 190.

Bascom, J., *Open versus Closed Shop,* N. Am. Rev., vol. 180, 912.

Commons, J. R., *Teamsters of Chicago,* Q. Jour. of Econ., vol. 19, 421.

Breckenridge, S. P., *Two Decisions Relating to Organized Labor,* J. Pol. Econ., vol. 13, 593.

Ellis, H., *Fallacies of the Closed Shop,* Ann. Am. Acad., vol. 27, 517.

Bliss, D. P., *Nuremberg, City of the Closed Shop,* Outlook, vol. 82, 608.

Otis, H. G., *Fight of Los Angeles Times Against Closed Shop,* World's Work, vol. 15, 9675.

Open Shop Campaign, World's Work, vol. 14, 9164.

Portenar, A. J., *Open Shop by a Union Man,* Ind., vol. 63, 990.

Traubel, H., *Through the Closed Shop to the Open World,* Arena, vol. 39, 544.



INCREASED NAVY

XV

INCREASED NAVY

The Universities of Illinois, Indiana, and Ohio in a triangular debate discussed the question stated below. The Illinois team upholding the affirmative defeated the Indiana team, while the Illinois team defending the negative was defeated by the Ohio team on the same night. The report printed here is of the six speeches delivered by the two Illinois teams. Resolved, That Congress should immediately provide for the further strengthening of the navy.

FIRST AFFIRMATIVE, R. B. FIZZELL, ILLINOIS.

The first speaker on the affirmative spent considerable time upon the definition of the question, concluding that the proposition meant that Congress, at its next regular session should provide for an increase in the fighting efficiency of the navy. He contended that the words "further strengthening" should be taken to include any addition whatever to the fighting strength of the navy, such as larger guns, heavier armor, or a larger number of torpedo-boats, transports, colliers, etc., and not limited simply to the addition of great battle-ships. He stated that it was the affirmative's belief that our navy should be strengthened, first of all, by rounding it out — giving it symmetry — and then still further strengthened by the addition of battle-ships and whatever further smaller craft the addition of these battle-ships might make desirable. He then took up the

question of the symmetry of our navy and showed that while it might be true upon some bases of calculation that the United States ranked second in naval strength so far as battle-ships were concerned, she was weak, as compared with other navies, in torpedo-boats, colliers, transports and torpedo-boat-destroyers. Here, he urged, was one important place where the navy should be further strengthened.

SECOND AFFIRMATIVE, R. F. LITTLE, ILLINOIS.

The second affirmative argued that a comparison of navies merely upon a tonnage basis, could not be relied upon as indicating relative strength; that consideration must also be had for the duties and responsibilities imposed upon the navies. One navy might have twice the tonnage of another, yet if it had three times as much work to perform, it would not only not be stronger than the other, but actually weaker. He then proceeded to review the increased responsibilities of the United States government which have come to her since 1898 and concluded that our interests in the Philippines, in Cuba, Porto Rico, and Hawaii, together with our commercial interests in the Orient and our duties at home, were so great, as compared with England's, as to make our navy, so much smaller than that of England, inadequate. As compared with the other great naval powers, moreover, always taking into consideration the possessions to be guarded and the burdens to be borne, our navy ought to be "further strengthened."

THIRD AFFIRMATIVE, J. L. MC LAUGHLIN, ILLINOIS.

The third speaker devoted most of the constructive part of his speech to the argument that we should increase our navy in order to insure peace. Any argument based upon the improbability of war is unsound. Recent history proves that international trouble, resulting in war, may come almost without warning. "The first gun in the Russo-Japanese war was fired before the Russian minister left Tokyo." The United States cannot be sure of maintaining her position as a world power and cannot be sure of freedom from molestation unless she keeps pace in navy-building with the other great nations.

FIRST NEGATIVE, C. C. ELLISON, ILLINOIS.

After making clear the limits of the proposition, as the negative saw them, the first negative speaker proceeded to argue that there could be no logical foundation for a demand for a stronger navy save a reasonable probability of war, in the near future. Outside of the duties of war, it need scarcely be argued that our present naval strength is sufficient. We have plenty of ships for revenue and police service. This probability, he maintained, did not exist. The United States is on the best of terms with all other nations. Her commercial relations are serving to bind her very closely to all the countries to which her products go.

SECOND NEGATIVE, J. T. DAVIS, ILLINOIS.

Mr. Davis then proposed to disregard for the moment the argument of the first speaker as to there being no immediate probability of war, and to show that even though war should come, our present naval strength would be sufficient to cope with any fleet which might be brought against us. In case of war we should be compelled either to defend our coast from attack or to meet another navy upon the high sea. But our fortified harbors are already amply protected by forts and mines, and our unfortified coast-cities are by agreement of the powers already adopted, not to be bombarded. Taking into consideration the fact that our navy is now larger than any other in the world except Great Britain's and that the navy we now have would be available as an aid to our coast-defences, it is evident that we do not need a larger navy to protect our coasts. It remains then to compare the present fighting strength of our navy with that of the largest fleet which any other power might send to meet us on the high seas. This comparison shows that we could amply defend ourselves.

THIRD NEGATIVE, H. B. HERSHEY, ILLINOIS.

Mr. Hershey in the third speech, argued that the world is now in a transitional stage as regards naval architecture. The ultimate type of war-vessel has not yet been reached. Common business policy demands

that we should tarry until something more definite has been achieved. Besides, the money is badly needed elsewhere. Irrigation, inland water-ways, the public health, all demand the expenditure of vast amounts of money. But most important of all, the United States should refrain from further strengthening her navy at this time, as an example to the world at large. So long as the great powers continue to vie with one another in the building of Dreadnaughts, there can be no surety of world peace. This country should at least try the experiment of refraining from increasing her navy in the hope that eventually sanity might come to other nations.

REFERENCES.[1]

Cobden club, *The Burden of Armaments, the Plea for Retrenchment,* 1905; La Follette, R. M., Army and Navy (in his Making of America, v. 9: 185–410); Spears, J. R., *History of the United Sates Navy,* 1908; Wilson, W. H., comp., Selected articles on the enlargement of the U. S. navy, 1908; U. S. Naval committee, Naval appropriation bill, 32p., 1908 (see House report, no. 1398, 60 Congress, 1st session); U. S. Naval Committee, *Views of the Minority,* 19p., 1908 (see House report, no. 1398, pt. 2, 60 Congress, 1st session); U. S. President, *Messages and Papers of the Presidents,* 1789–1897 (see House misc. documents, 10v. 53 Congress, 2nd session, index under Navy); U. S. President, *Special Message of the President,* April 14, 1908, 4p. (see Senate documents, no. 463, 60 Congress, 1st session); U. S. Secretary of the Navy, *Report,* 1904, '05, '06, '07; U. S. Senate, *Alleged Structural Defects in Battle ships of the United States Navy,* 65p., 1908 (see Senate documents, no. 506, 60 Congress, 1st

[1] The following bibliography was printed by the University of Illinois and copies given to all students.

session); U. S. Senate, *Naval Appropriation Bill*, 2p., 1908 (see Senate report, no. 552, 60 Congress, 1st session); U. S. Senate, *Reports on Alleged Defects of Naval Vessels and a Statement in Refutation*, 161p., 32p., 1908 (see Senate documents, no. 297, 298, 60 Congress, 1st session); U. S. Senate, *Navy Year Book*, 1905–'06, 1906–'07 (see Senate documents, 59 Congress, 2nd session, 60 Congress, 1st session); U. S. Senate, *Tables for Senator Hale's Speech on Naval Appropriations Bill* (see Senate documents, 58 Congress, 2nd session, v. 6); *Congressional Record*, v. 27, pt. 3-4: 2231-62; 2302-12; 3118-24; v. 41, pt. 2-3; 1051-56; 2605; v. 42: 2397-2410; 4751-64, 4813-14; 5307; 5409-28; 5455-69; 5492-5521.

PERIODICALS.

Adams, G. C., *Pres. Prichitt's Plea for a Strong Navy*, Outlook, 88: 281-82; *Administrative Organization of the Navy*, Army and Navy Life, 13: 1-9; 129-36; 260-59; 345-64; 426-34; *Another Weary Titan*, Nation, 86: 415-16; Barker, J. E., *Naval Policy of Germany*, Nineteenth Century, 63: 835-51; Barker, J. E., *Will the British Empire Stand or Fall?* Nineteenth Century, 61: 715-26; Bashford, J. L., *Is Germany's Fleet a Menace?* No. Amer. R., 186: 225-36; Beach, E. L., *The United States Navy*, Army and Navy Life, 12: 55-62; Beehler, W. H., *Needs of the American Navy*, Ann. Amer. Acad., 26: 163-69; Bellairs, Carylon, *British and American Naval Expenditures*, *No. Amer. R.*, 179: 887-99; Benjamin, Park, *Naval Problems and Perplexities*, Independent, 52, pt. 1, 1248-51; Benjamin, Park, *New War Code of Our Navy*, Independent, 52, pt. 1, 2261-64; Benjamin, Park, *Parade to the Pacific*, Independent, 63: 1545-48; Benjamin, Park, *Shout for Big Ships*, Independent, 62: 264-68; 323-26; Benjamin, Park, *Trouble in the Navy*, Independent, 64: 301-06; Benjamin, Park, *What is an Adequate Navy?* Independent, 65: 186-89; Bremmer, E. Van, *Recent Criticisms of Our Navy*, Sci. Amer., 98: 95; Brewer, C. B., *Truth About the Navy*, Harp. Weekly, 52, pt. 1: 10-13, 32; Bridge, Sir C., *Naval Warfare of Today*, Cornhill, 90: 312-22; *British Navy of Today*, Sci. Amer., 98: 167-70; Bryce, James, *The Growth of the Navy*, Independent, 59: 605-08; *Building the New Navy*, World's Work, 1: 249-51; Chandler, W.

E., *Our Navy Fifty Years From Now,* Cosmopolitan, 29: 609–11; Clowes, W. S., *Recent Scientific Developments and the Future of Naval Warfare,* Sci. Amer. sup., 53: 22102–03; Coghlan, J. B., *The Needs of the Navy,* Harp. Weekly, 51, pt. 1: 504; *Controversy Over the Battleships,* Nation, 86: 368; Costello, F. H., *Improvised Means of Naval Warfare,* Dial, 40: 287–88; 143; 253; Cramp, C. H., *Sea Power of the United States,* No. Amer. R., 159: 137–49; *Cutting the Naval Programme,* Literary Digest, 36: 253–54; *Defects of Our Navy,* Outlook, 88: 3–5; Dilke, C. W., *Naval Strength of Nations,* Cosmopolitan, 32: 349–57; Dole, C. A., *The Navy as a Police Force,* Outlook, 87: 881; Dole, C. A., *Roosevelt's Naval Policy,* Outlook, 87: 791–92; *Final Lesson in German War Game,* Sci. Amer., 88: 238; Fiske, B. A., *What America has learned from Togo,* Harp. Weekly, 49, pt. 2: 938; Fitz-Gerald, W. G., *Does Germany Menace the World's Peace?* No. Amer. R., 184: 853–60; Forest, N., *American Navy Second in the World,* Harp. Weekly, 52, pt. 1: 22; *French Navy of Today,* Sci. Amer., 99: 187–89; Gauss, H. C., *England's Recognition of Our Navy,* Harp. Weekly, 49, pt. 1: 53; *German Navy Causes Apprehension,* Cur. Literature, 44: 365–68; *German Navy of Today* (see Sci. Amer., 99: 91–94); Gibbons, J. H., *Navy Leagues,* No. Amer. R., 176: 751–64; Gleaves, A., *Naval Strength of the Powers,* World's Work, 6: 3420–21; Gleaves, A., *The New Navy at Work,* World's Work, 5: 3059–81; *Growth of the Navy Since* 1865, Sci. Amer., 95: 194–95; *Growth of Our Navy,* Sci. Amer., 90: 363; Hobson, R. P., *America Mistress of the Seas,* No. Amer. R., 175: 544–57; Hobson, R. P., *Colonization, the Defense of Our Outlying Possessions,* World Today, 15: 741–44; Hobson, R. P., *If War Should Come?* Cosmopolitan, 44: 584–94; 45: 38–47; 382–87; Hobson, R. P., *Internationalism and Naval Supremacy,* Independent, 60: 768–71; Hodgson, H., *International Relations,* Westm. R., 166: 258–64; *How Many Battleships Does This Nation Need?* Cur. Literature, 44: 597–602; Hurd, A. S., *America's Bid for Naval Supremacy,* Nineteenth Century, 52: 893–904; Hurd, A. S., *Balance of Naval Power,* Nineteenth Century, 57: 228–37; Hurd, A. S., *British Two-Power Fleet* (Nineteenth Century, 63: 485–500; Hurd, A. S., *Colonies and Our Challenged Sea Supremacy,* Fortn. R., 90: 403–18; Hurd, A. S., *Cost of Warships of the Great Powers,* Cassier, 27: 43–52; Hurd,

A. S., *The Kaiser's Dream of Sea Power,* Nineteenth Century, 60: 215–23; Hurd, A. S., *Naval Concentration and a Moral,* Fortn. R., 81: 685–98; Hurd, A. S., *The Navy, The American Fleet from the British Point of View,* Cassier, 32: 467–77; 33: 256–67; Hurd, A. S., *Race for Naval Power,* Cassier, 34: 353–70; *Is the Eagle Moulting?* Army and Navy Life, 12: 270–74; Jaques, W. H., *Immediate Naval Needs,* Forum, 29: 161–70; *Japan and Her Naval Programme,* Nation, 87: 226; Judson, W. V., *Strategic Value of the West Indian Possessions of the United States,* Ann. Amer. Acad., 19: 383–91; Koon, S. C., *Navies of the World,* Cur. Literature, 34: 597–98; *Leading Navies of the World Compared,* Sci. Amer., 85: 18–30; Lefevre, G. J. S., *Rival Navies,* Contemp. R., 89: 153–65; Long, J. D., *The New Navy,* Outlook, 72: 832–46; 73: 45–57; Long, J. D., *Shall the Navy be Increased?* Independent, 58: 639–641; Luce, S. B., *The Fleet,* No. Amer. R., 188: 564–76; *Luxury of Hatred,* Nation, 86: 571; Lynn, J., *Recent Criticism of Our Navy,* Sci. Amer., 98: 183; McFarland, W. M., *Personnel a Vital Factor in Naval Efficiency,* Engin. mag., 32: 841–43; Mahan, A. T., *American Navy Fifty Years Ago,* Harper, 114: 375–80; Mahan, A. T., *Navy Department,* Scribner's, 33: 567–77; Mahan, A. T., *The True Significance of the Pacific Cruise,* Sci. Amer., 97: 407, 412–13; Marion, W. L., *Navy Department and Its Work,* Review of Reviews, 36: 714–22; Mead, C. M., *Dr. Pritchitt's Plea for a Strong Navy,* Outlook, 88: 281–82; Mead, L. A., *Demand for More Battleships,* Independent, 64: 350–51; Melville, G. W., *Naval Development During the Next Decade,* Sci. Amer. Sup., 53; 21858–59; Melville, G. W., *Our Actual Naval Strength,* No. Amer. R., 176: 376–90; Meriwether, W. S., *American Navy and Japan's,* Harp. Weekly, 51, pt. 1: 800; Meriwether, W. S. *Nucleus of a New Atlantic Fleet,* Harp. Weekly, 52: 15; Meriwether, W. S., *Our Fighting Strength at Sea,* Harp. Weekly, 48, pt. 2: 1838–39; Meriwether, W. S., *Why We Need a Bigger Navy,* Harp. Weekly, 50, pt. 1: 337–38, 351; Miller, J. W., *Development of a National Naval Reserve,* Independent, 53, pt. 1: 76–77; Morton, Paul, *An Anglo-American Navy,* Independent, 59: 20–22; Morton, Paul, *Progress in American Navy,* Harp. Weekly, 49, pt. 1: 316; 320; 330; *Naval Battles in Congress,* Outlook, 88: 896–98; *Naval Disorganisation,* Nation, 76: 42–43; *Naval Establish-*

ments on Shore, Nation, 87: 207; *Naval Situation,* Quarterly R., 205: 307–33; *Navy and Its Critics,* Literary Digest, 36: 1–3; *Navy and the Pacific Coast,* Outlook, 87: 139–40; *Navy Defended,* Outlook, 88: 469–70; *New Rating of the World's Navies,* Sci. Amer., 95: 338–39; Ogg, F. A., *What It Costs the Navies of the World to Disarm,* Harp. Weekly, 51, pt. 2: 1021, 32; Ogden, R. *Who Are the Dreamers?* Nation, 76: 146; O'Laughlin, J. C., *America's Fighting Fleet,* Cassier, 24: 375–92; *Our Naval Development Since the War With Spain,* Sci. Amer., 85: 374; *Our Navy,* No. Amer. R., 182: 321–32; *Our Navy and Our Commercial Marine,* Independent, 61: 590–91; *Our Navy in France,* Independent, 60: 1111–12; *Our Own and the German Navy,* Harp. Weekly, 47: 428–29; *Our Naval Policy,* Army and Navy Life, 12: 413–19; *Our Rank as Second Naval Power,* Sci. Amer., 96: 386; *Our Readiness for War,* Independent, 64: 479–80; *Preservation of Peace,* Outlook, 88: 344–46; *Presidents' Defeat,* Independent, 64: 927–28; Prichett, H. S., *Roosevelt's Doctrine of a Strong Navy,* Outlook, 88: 73–79; *Proper Strength of Our Navy,* World's Work, 16: 10295–96; *Reduced Navies,* Independent, 61: 531; Reuterdahl, Henry, *Need of a Continuous Building Programme for the Navy,* Outlook, 79: 485–88; Reuterdahl, Henry, *Needs of Our Navy,* McClure, 30: 251–63, 517–20; Robertson, M., *Will Battleships be Obsolete?* World's Work, 9: 5515–21; Rodgers, F., *Extent to Which the Navy Should be Increased,* Ann. Amer. Acad., 26: 139–45; *Search Problem of the Navy's Needs,* Independent, 55, pt. 1: 76–78; Secretary Bonaparte's Report, Outlook, 81: 903; *Senator Hale's Plain Talk,* Independent, 64: 978–79; *Shall We Increase the Navy?* Outlook, 87: 804–06; *Shall We Maintain the Navy?* Review of Reviews, 37: 515–17; Spears, J. R., *Transition in Naval Efficiency,* World's Work, 5: 2770–72; *Statesmanship and Naval Rivalry,* Nation, 87: 108; *Strength of the American Navy,* Outlook, 86: 937–38; *Strong Navy versus Treaties,* Review of Reviews, v. 27: 273; Taylor, H. C., *Battleships Cheaper Than War,* Harp. Weekly, 47, pt. 1: 744; *Threatened Naval Increase,* Nation, 71: 360–61; *Two Battleships or Four?* Literary Digest, 36: 631–33; *Uncle Sam's Peace Insurance,* Outlook, 89: 731–32; *United States Fleet,* Living Age, 258: 686–89; Vandiver, Mrs. W. D., *Shall We Extend Our Navy?* Independent, 52, pt. 1: 1112; Weale, B. L. P., *What*

the American Fleet Could do for China, No. Amer. R., 188: 981–94; *What the Navy Needs,* Nation, 81: 516–17; White, W. H., *The New Navy,* No. Amer. R., 178: 820–28; Wilson, G. G., *The United States Navy and Peace,* Outlook, 75: 500–03.



GUARANTEE OF BANK DEPOSITS

XVI

GUARANTEE OF BANK DEPOSITS

Vanderbilt University defended the affirmative and the University of the South the negative of the following question. Each college was represented by two speakers. The decision of the judges was in favor of the affirmative. Resolved, That there should be some legislation providing for the guarantee of bank deposits.

FIRST AFFIRMATIVE, PAUL W. TERRY, VANDERBILT.[1]

The late panic with its attendant disasters aroused public consciousness to the need of finance reform. Feeling the public pulse the democrats at Denver provided a plank of deposit guarantee for their election platform because they knew it would appeal to the people. Then the republicans alarmed at the popularity of this idea decided to get something just like it so they provided a plank relating to postal-savings banks to win popular support. Oklahoma in its constitution provided for the deposit guarantee. Kansas and Nebraska have fallen into line. South Dakota, New York, Texas, Indiana, Minnesota, Iowa, New Jersey and Tennessee are considering guarantee bills. The ques-

[1] The speeches of this report were prepared under the direction of Professor Albert M. Harris.

tion is, which shall prevail, the best interest of the whole people or the selfish interests of the bankers — for we can find none but bankers who oppose the measure. To establish the equity of the principle of guarantee deposits we must show that it will serve the best interests of the majority of the citizens. There are in general two classes of depositors, the commercial class, including the merchants, manufacturers, and business men; the savings class; including the farmers, craftsmen, and tradesmen. Each of these groups has considerations peculiar to itself. To the business men banks are necessary. The merchant must have money on his customers' notes, and the manufacturer must have money to pay his employees between seasons. The check system, the swiftest, safest, and most convenient manner of exchange yet devised requires a bank as its first condition. These characteristics stamp an institution as quasi-public, a creature of the state, and all such institutions must be so controlled and regulated as to serve the best interest of the majority of the people, and this interest justly demands that bank deposits be absolutely safe. Among our farmers and craftsmen there is a prevalent distrust of the banks; they have read about serious failures; they have seen their friends lose the savings of a life time. Their money, for which they have worked hard and long, is dear to them; they don't understand anything about the banks; they know the resources of any bank may be wasted before the least suspicion is aroused. Depositors have no voice in the management of the bank. The fears are not groundless. These citizens have a right to

demand a place where their money will be safe. According to the comptroller's report the national banks last year averaged ten and a half per cent net profit on the value of their capital stock. This profit came from the depositors. The deposit is a loan as any other loan — the bank assumes the obligation, gets the money and makes the profit upon the supposition that the deposit is safe. Most bankers believe their banks are safe, but this depends entirely upon human character which you know is weak and frail. If by the payment of a reasonable insurance fee the banker can guarantee the depositor from loss, justice demands that this be done.

The principle of guarantee is not new or untried; in its dealings with its banks the United States Government demands a guarantee; state, county and city governments do the same. The loss of a few thousand dollars would not hurt the government but it would ruin most individuals. If the government needs security, the individual doubly needs it. Why should the government be a preferred creditor.

A deposit slip signifies that the holder has money in the bank on demand; a national bank note signifies that the holder has money in the bank on demand. The two are the same in principle, but the national bank note is guaranteed by government bonds while the deposit slip is not. Why guarantee one and not the other? Deposits constitute about seventy-five per cent of our medium of exchange. If the principle is right that five per cent is guaranteed why should we not guarantee the other ninety-five?

Leading opponents of bank guarantee are fond of saying that the loss of depositors is too small to be considered; they quote the comptrollers report showing that one twenty-sixth of one per cent is the annual average loss to depositors during the last forty years. In reply we say that the depositor's losses are not widely distributed but are concentrated in a few communities. The loss falling so disastrously upon the depositor can well be distributed among the bankers so as to make it entirely negligible; they should bear the loss because they are responsible.

Another objection advanced by the opponents of the guarantee plan is that it taxes the honest, capable, responsible banker to pay for the dishonest speculative banker. To this we reply that the good citizen is always taxed for the bad one. Good citizens must pay for police; the successful man is always taxed to support the paupers; the packer who will never put up a diseased hog is taxed to maintain official inspectors because another packer would put up diseased hogs. Even now in the banking world an honest banker must pay fees to have his bank inspected because the dishonest banker needs inspection. The honest banker pays every day in loss of deposits because some dishonest banker scares away depositors. This protest if carried to its logical conclusion would mean the removal of all regulation and restriction, so that the good banker and the bad banker alike might treat the people as they will.

SECOND AFFIRMATIVE, W. E. NORVELL, VANDERBILT.

What stands out in bold relief as a distinguishing future in the incipiency of panics? Runs on banks. Good and bad banks are besieged by uneasy depositors, fought to a standstill and compelled to surrender. Whatever economic cause or occasion may be assigned for the panics they could not exist or develop in the face of overwhelming confidence of bank depositors. Panics have no relation to the quantity of money; the trouble is in the withdrawing of the supply of money from the channels of trade. The bankers agree that the resulting contraction of money supply is the most disastrous cause of the spread of panics. They all agree that in some manner the capital withdrawn by frightened banks and bank depositors should be kept in circulation in order to meet the demands of trade. Now our plan strikes at the root of the trouble and provides a scheme whereby the capital will not be withdrawn. Not only will there be no fear of ultimate loss, but none of being deprived of the use of money for a long period. If the emergency fund should not be large enough to meet the liabilities, and the assets of a failed bank cannot be realized on immediately, issue six per cent certificates on the banking board, as the Oklahoma law provides,— these to be met as the assets of the failed bank are realized on, and the fund replenished.

Another great advantage of the deposit guarantee is that it will cause bank deposits to increase, and thereby

furnish much more circulating capital, available for business purposes. Incidentally this will increase the business and profits of banks. Our outstanding money supply is about three and one fifth billion dollars. We all know that a large portion of this, perhaps one billion dollars, is hoarded. Last year a large sum was in post-office money-orders, payable to self, on which not only was there no interest drawn, but a premium was paid for buying. Postmaster-general reported ninety millions sent abroad annually for deposit in foreign banks, which are backed by governments and secured by municipalities. Why should we allow all this drain on our currency system when by this guarantee scheme we can make the people feel that the deposit slip is just as safe and worth just as much as the money itself? Let us restore this money to the channels of trade and thus enable it to perform the proper function in the business world, besides giving the people advantage of receiving interest on their savings without fear of losing the principal. In the municipal guaranteed savings banks of Germany over three billion dollars are deposited while in our country the savings banks have only $3,700,000 — although our country is much larger and much richer. The report of the Oklahoma banking board of October 1908 shows that since the law went into effect the national banks have had no increase in deposits while the guaranteed banks have doubled their deposits.

We have made no attempt to circumscribe the principles of this scheme by any fixed details. We do not pin our faith to Oklahoma, Kansas, or Nebraska laws.

Start with a reserve of one per cent of the deposits of the banks, and collect a small sum, say one tenth of one per cent annually. Place the fund under the control of the banking board composed of state officers and bankers. Limit the amount of assessment collectible in any one year. Make the plan voluntary for old banks and compulsory for new banks, and you will see the national banks change quickly to it as they have done in Oklahoma. Make stringent laws for the conduct of banks and give the board power to liquidate banks violating the law. Limit ratio of deposits to capital, say ten to one. When a bank is wound up pay depositors cash as far as possible and give interest bearing certificates for the remainder. The national government can arrange a similar plan. This one tenth of one per cent reserve will be sufficient; the comptroller's report shows that sixty cents on each one thousand dollars of deposits would have been sufficient to pay the losses during the last forty-three years, and in the last ten years two cents on each thousand dollars of deposits would have paid all losses. Should not the banks willingly give one, or two, or even three per cent of the profit they make on depositors money in order to protect depositors?

It is alleged that this plan will produce wildcat banking. When fire insurance was first talked of critics said we would have more fires; incendiarism would greatly increase. What has resulted? Fires have decreased. Insurance companies have seen to it that proper laws were passed and enforced for decreasing fire risks and for the punishment of arson. In Oklahoma, where the

development of a new country has caused a large number of new banks to start, there have been no failures. One bank was liquidated for lending money to its officers, but the bank was solvent. Consul Thompson of Hanover, Germany, says that of the German savings-banks that have been guaranteed by the municipalities for fifteen years none have failed. In Oklahoma, instead of the state banks giving large interest on deposits the national banks have had to give increased interest rates in order to overcome the disadvantage of having no guarantee. Mr. A. M. Young, commissioner of banking, says that of the sixty national banks converted into state banks fifty-eight were paying four or more per cent on deposits, while some of the number paid as high as seven per cent. Talk of wildcat banking! Where would you get worse wildcat methods than this? Doesn't it appear, then, that instead of causing wildcat banking the guarantee plan promotes sound banking? Restriction and inspection measures of the most effective kind go hand-in-hand with the guarantee plan. As they have in Oklahoma the bankers elsewhere would see to it that proper legislation was put upon the statute books. It would be to their interest to do this.

FIRST NEGATIVE, SAMUEL SUTCLIFFE, UNIVERSITY OF THE SOUTH.

All banks shall be mutually liable for the deposits of any one bank. The affirmative should present and maintain this principle, while we of the negative shall oppose

it. We are not discussing a reform of the currency, nor the admissibility of abolishing speculation in Wall Street. Further we are not discussing the improvement in banking generally, nor better regulation, nor centralization, nor amalgamation. It is to be particularly noted that the demand for such legislation did not come in answer to a long-felt want, and there has never been a general feeling throughout the United States that there should be a guarantee of bank deposits by a fund or any other way than they are now secured. It has brought faith as a political measure because its promoters realized that it would sound good to depositors, and would lead them to think that by its adoption their money would be safe forever. The state of Oklahoma passed a guarantee law, and Kansas and Nebraska have recently passed similar laws. In all these plans and all the laws now in operation there is absolutely nothing for making banks jointly liable for each other, that will increase or strengthen the primary security underlying all deposits; namely, capital, surplus, and undivided profits. The capital, surplus, and undivided profits in our national banks is forty-five per cent of the total deposits. The general principle of the guarantee scheme is to distribute the losses arising from bank failures among a large number of banks, instead of allowing them to fall on the so-called innocent depositors, who are not responsible for the failure of the bank. But this principle is wrong as it does not take into consideration the fact that one bank is not responsible for the failure of another. It must be borne

in mind that a bank like any other corporation is restricted by its charter to do special business, just as a railroad is limited by its charter to do railroad business. No one has ever dared propose that railroads or any other corporations doing the same kind of business shall become jointly liable for each other's debts in case of failure. If the principle is right why not make fire insurance companies jointly liable for the policies of failed insurance companies? Insurance companies, banks, and all other business enterprises managed by fallible man fail. This fact leads to but one conclusion, successful banking depends entirely upon wise, honest, and capable management. No guarantee plan will add these qualities to our bankers.

We must remember, moreover, that the stockholders are the owners of the bank, and as much interested in its success as the depositors. Any legislation so far proposed, providing for the guarantee of bank deposits assumes that the stockholders and depositors are arrayed against each other, when in reality there is no conflict of interests. Furthermore, in regard to commercial deposits it is understood that fully seventy-five per cent of the depositors will be borrowers. The depositor depends upon the management of the bank for the security of his deposit, the stockholder, likewise, depends upon the management of the bank for profit, and the security of his investment. The interests of both cannot be separated. But the depositor is already secured. Before he can lose a cent the stockholder must not

only lose his original investment, but in national banks must lose an amount equal to the full amount of his stock. A banker cannot possibly serve the interests of his depositors better than by carefully looking after the interests of the stockholders. Losses resulting from mistakes of the management will first fall on the stockholders, and if their interests are protected so that their investment is safe no possible loss can come to the depositor.

I have said that the success of a bank depends entirely upon the efficient management and prudence of its officers in investing capital. A glance at history will prove this beyond question; the Bank of North America, founded in Philadelphia in 1781, and the banks of Massachusetts and New York, founded in 1784, are still in existence. These three banks have passed through all the panics and national disasters and industrial crises of the nineteenth century, without losing one cent for their depositors. Still another example of conservative banking is the Suffolk Bank of Boston, founded in 1818, and absorbed by the national banking system; under the efficient management of this bank banking in New England was brought up to a place of responsibility, order, and solvence unknown before. For, in competition with this bank, others had to meet certain requirements, and to do business on a level with it, in order to remain in existence. All the banks mentioned are examples of good banks as they are run to-day, and just as then, the standards of our banks will be raised by free and open

competition with sound and conservative banks, and not by any melodious fetich, such as the guarantee of bank deposits.

SECOND NEGATIVE, WALTER LESTER BERRY, UNIVERSITY OF THE SOUTH.

In continuing the argument it now becomes my duty to show that in practice this scheme will not bring the benefits claimed for it. Guarantee of deposits, it is true, has never been fairly tested under modern conditions, but the principle, has been tried before in the United States. In 1829 the New York state legislature passed an act providing for the guarantee of all liabilities of banks under a safety-fund system, which called for a tax of one-half of one per cent on the capital stock of the bank until the fund should amount to three per cent of the total capital. In regard to this system, Mr. John J. Knox, in his history of banking, says, "The stocks of the new banks are sought for with much eagerness both by investors at home and in other states. Contests for the control of the institutions had the effect of increasing the number of subscriptions and the bank commissioner speaks of the increased number of applications for new acts of incorporation as far exceeding any prudent calculation of profitable investments." In 1831 the first contribution was made to the fund, and after 1840 no failure of any consequence took place. At first it was thought that the safety-fund was to apply only to issues of bank notes, but when it was known

that deposits were also guaranteed by this fund, it is recorded that a fictitious credit seems to have been given the chartered institutions "which was used by some of them in recklessly contracting debts for the emolument of their managers." Between 1840 and 1842 eleven banks failed, but the first three which failed exhausted the fund, and the state had to issue almost a million dollars in bonds to pay the debts of the failed banks. The plan was abandoned, but for the next twenty-five years the surviving banks of the system continued to pay annual assessments to settle debts of the defunct institutions.

As further proof of the disasters resulting from this proposition we have two other attempts, in Michigan and in Vermont. Michigan established a fund for the guarantee of deposits and notes in 1836, and in addition, the law required the deposit of securities with the auditor to insure the payment of all debts. Let me quote from Knox's history: "While in some of the older towns these institutions were as prudently and honestly conducted as any others, the general tendency of most of the smaller and many of the larger was toward reckless discounting and wild speculation. Competent officers and cashiers were rare; men assumed to be bankers who had no business knowledge and who could hardly cast accounts, and many went into business as an easy way of swindling." In less than ten years forty-two banks failed, and only six were open for business. When all assets had been liquidated, and the guarantee fund paid out, the loss to depositors and note-holders was almost

a million dollars. Vermont had the same experience and her experiment also proved an absolute failure.

The next state to try the scheme was Oklahoma, which adopted the system in 1908. Kansas and Nebraska began a year later. It is interesting to note that Oklahoma is repeating the history of New York and Michigan. According to the bank commissioners' statement forty-seven new banks were chartered in Oklahoma between January first and October first, 1908; this regardless of the character of the men behind the institutions, or the needs of the community. A few typical illustrations: one man failed twice in Kansas, swindling depositors both times, but was granted a charter in Oklahoma. His cashier is now under indictment for embezzlement. This man has three banks, and says he will establish twelve more. One man just released from the penitentiary, where he was serving sentence as a defaulter, has organized a bank in Enid, and is securing large deposits. In another case a saloon-keeper, put out of business by the prohibitory law, and several times indicted for breaking the law, started a bank with the minimum capital — ten thousand dollars, and he has now deposits of forty thousand dollars. One would naturally ask how men of this character receive charters, or obtain deposits. The affirmative answers this question. When it is erroneously believed that all banks are equally safe, when it is no longer necessary for the depositor to exercise any discretion as to where he shall deposit his money; then the dishonest banker has only to offer high rates of interest and deposits

roll in. Under the Oklahoma law misrepresentation of all kind is common. A bank recently started in Oklahoma City, a town of fifty thousand people, had only $25,000 capital. When criticised for capitalizing so low the promoters answered: "What do we care about capital; the state is in partnership with us." Some bankers advertise that they are guaranteed by the state.

Now a word as to the constitutionality of the proposition. According to W. C. Webster of the University of Nebraska, most reputable lawyers throughout the country, and even in Oklahoma, consider the Oklahoma law unconstitutional, as violating section twenty-three, article two, of the constitution of that state, which provides that, "No private property shall be taken or damaged for private use with or without compensation, without the consent of the owner;" also section fourteen, article ten, which provides that, "Taxes can only be levied and collected by general laws and for public purposes only." The guarantee law was upheld by the supreme court of Oklahoma and it is now before the supreme court of the United States for final decision.

Further, most supporters of this law argued that it would prevent panics, but this supposition is based on a misunderstanding of the nature of panics. Commercial and financial crises are due to inflation of credit in various forms. As new enterprises are undertaken and older ones enlarged, credit becomes more and more expanded, while the reserve of sound assets becomes smaller in proportion to the credit structure it has to uphold. Soon the strain becomes too great, when the

weakest link in the chain breaks,— and panic follows.

Moreover, to claim that this plan will prevent runs on banks by frightened depositors is absurd. Does a man's withdrawal of his deposit cause a panic, or does the existence of a crisis cause a withdrawal? Extravagance, speculation, defective currency systems,— these are some of the causes of panics, and they have their origin in industrial and financial conditions of which withdrawal of bank deposits is but a manifestation. The one and only thing that the deposit guarantee would do is that it would temporarily restrain depositors from withdrawing their funds; meanwhile, the banks would increase their loans and, the bubble of credit inflation would grow larger only to burst at last with a louder report.

The plan is socialistic. Simply to label a thing socialistic is not sufficient to condemn it, but the basic principles of socialism are so fundamentally wrong that if generally applied they would wreck all progress. This proposition has no justification in economics or ethics, and has the essential defect in socialism, in that it would compel all bankers, the innocent and the guilty, to share alike the evils of dishonesty and shiftlessness. The stockholders are to be taxed for the benefit of the depositors, on no other ground, as the supporters of this plan admit, than that it is for the benefit of the majority and the minority may go hang.

REFERENCES.

Eckels, J. H., *Protection of Bank Depositors,* No. Am., vol. 163, p. 564.

Farman, G., *Bank Dep. Insurance in Okla.,* Ind., vol. 65, p. 418.

DeBell, E. J., *Gov't Guarantee of Dep.,* Harp. W., vol. 52, p. 9.

Gov't Insurance of Bk. Dep, Outlook, vol 88, p 65; vol 90, pp. 53, 60

Laughlin, J. L., *Guarantee of Bk. Dep.,* Scribner's, vol. 44, p. 101; Nation, vol. 87, p. 220; World's Work, vol. 17, p. 10874; Chautauquan, vol. 52, p. 322.

Kinley, D., *Objections to Bk. Dep. Insurance,* Rev. of Rev., vol. 37, pp. 340, 345; vol. 39, p. 499.

Scheme for Guaranteed Dep., Cur. Lit., vol. 45, p. 362.

Webster, W. C., *Depositor's Guarantee Law of Okla.,* J. Pol. Econ., vol. 17, p. 65.

Growth of Bk. Dep. Guarantee Law, Outlook, vol. 92, p. 304.

Voluntary Bk. Dep. Insurance, Ind., vol. 66, p. 570.

Republican and Democratic campaign documents, 1908.



A CENTRAL BANK

XVII

A CENTRAL BANK

In the triangular debating league composed of Drake University, Iowa State College and Iowa College the question for discussion was the federal central bank. Below are given the arguments presented by the two teams representing Drake University. The affirmative won from Iowa College; the negative lost to Iowa State. Resolved, That Congress should establish a central bank.

FIRST AFFIRMATIVE, S. J. LEON, DRAKE.[1]

We emerged from the war of the revolution with no financial system, a mass of debts, and no credit, either at home or abroad. The first bank of the United States was organized in 1791 with a capital of $10,000,000. This bank was a great financial success. Its charter expired in 1811 and Congress refused to renew it. This resulted in a financial panic. Consequently, the second bank of the United States was organized in 1816, with a capital of $35,000,000. This bank was also a great financial success. Born in the midst of a panic it restored order. Its charter expired in 1836 and again Congress refused to renew it. Again a financial panic spread over the country, but Jackson was firm in his opposition toward the bank. At this time was organized what is

[1] The synopsis of these speeches was prepared under the direction of Professor Frank E. Brown.

known as our Sub-treasury system, which Daniel Webster compared to the strong box of Darius, the King of Persia. Here were deposited the funds of the United States which lay there idle, doing no good to either the government or to the people, while business could not progress for lack of capital. It was about this time, also, that we went through a period of wild-cat banking and fiat money. This state of affairs existed until the Civil War. Then, in order to find a market for government bonds our present National Bank system was organized. This system was born of the necessities of the Civil War and was based on our government debt. This system we have to-day.

And now the question arises, where are the faults in our system? Why is it we have a financial stringency each year when crops are bountiful, labor plentiful, and business prosperous? Why in a single day are the wheels of commerce suddenly stopped and business thrown in a chaotic condition when but the day before everything was bright and prosperous? There is a lack of centralization or an isolation of the individual banks. In times of stress each bank is left wholly upon its own resources and the natural instinct of self-preservation aggravates the danger. Each bank is frightened by its own isolation, by its consciousness of danger. There is no help upon which it can rely. Consequently it does two things, holds on to its cash and calls in its loans; both of which add to the general distress. And we cannot expect otherwise, with our system as it is to-day. We have scattered throughout the country about 25,000

independent banking institutions. During ordinary times we have them working harmoniously, but at the least sign of a stringency we have 25,000 institutions pulling 25,000 different ways. Each tries to save itself, and in its anxiety to do so forgets its neighbors. Thus the stringency, which might have been prevented by centralization, develops into a nation-wide panic. And what is the result? The people have no confidence in our banking system. When the least sign of scarcity appears they make a rush for the banks and withdraw their deposits.

But these are not the only weaknesses in our system. It is also inelastic, or the amount of money in circulation does not vary as the demand for it increases, or decreases. And there is something else radically wrong, — we have no control of the interest rates. Bankers loan money at a uniform rate and then stop abruptly. We believe it would be better to stop the demand by a rising interest rate.

The affirmative does not believe in any measure that promises to lessen or to alleviate panics. On the other hand we are in favor of a plan which will wipe them out entirely, and this plan we now propose. It is not sufficient to lighten the effects of panics by the issuance of emergency notes nor to calm the people by the issuance of clearing-house certificates, but by the establishment of a strong central institution, backed by the government of the United States.

SECOND AFFIRMATIVE, PERCY L. SCHULER, DRAKE.

Experience proves the value of centralization as a solution for unstable monetary conditions, so we of the affirmative set forth as the best plan of currency reform the establishment of a central bank. We advocate a bank similar to the bank of Germany. Let this bank be incorporated with a minimum capital of one million dollars. The shares distributed pro rata between the various banks of the United States. Shares to be non-negotiable and non-transferable, except of the central bank. A board of directors shall have charge of the transactions of the bank's business, two-thirds of whom shall be elected by the stockholders, from their prescribed territorial districts, and one-third appointed by the government, including the secretary of the treasury, and the comptroller of the currency, and the United States treasurer. Its profits shall be divided, after a certain surplus is accumulated. The stockholders and shareholders to divide the balance as shall be arranged by law. Instead of starting the note-issuing function among numerous small institutions we would centralize it in one great, strong central institution. The notes issued would be covered by at least fifty per cent of gold, and the balance by reliable commercial paper. The amount of the notes needed to conduct the business of the country under normal conditions to be untaxed. A further issue would be subject to a graduated tax which would prevent inflation. The central bank would deal only with banks, and would issue currency only

to banks. In addition to this function of issue, the central bank would act as fiscal agent of the government. The revenues would flow into the bank and its expenditures would be checked, and whatever surplus there might be would remain in the bank and be subject to commercial use. Further, the central bank would deal in foreign exchange to enable it to obtain gold credit abroad, and to import gold into this country for reserve when needed. It would be the reserve agent of the national banks and thus be material in solving the great problems of reserve. Under our present system, though the country national banks are required to hold a reserve of fifteen per cent of their deposits, and the reserve banks must hold twenty-five per cent, yet there is held altogether only seven and four-tenths of deposits in reserve,— six per cent at home and one and one-eighth in reserve banks, and about one-fourth of one per cent at central reserve bank. Under the central bank we would advocate a system of reserves in which the banks would be required to hold say five per cent at home and ten per cent in the central bank. This could be done satisfactorily by taxing a bank at the rate of two per cent for any deficit of the reserve deposit in the central bank. This provision would make the reserve available. For if a bank needed its reserve it could withdraw from the central bank by paying two per cent interest. To-day our reserves are useless, for in a moment they might become unavailable. What good will a fifteen per cent reserve do, when the banks are forbidden by law to use it? For the law explicitly

declares that when a bank's reserves shall fall below that declared by law it shall be insolvent, and must cease its regular activities until the reserve is again placed above the minimum. The amount of reserve needed to fortify the banks to-day would be materially decreased under a centralized system. Is it not apparent that it takes more to fortify each one of the seven thousand national banks against every possible emergency than it would take by concentrating the reserves in a great, strong, central institution, which by means of its capital and credit could take care of every possible emergency? The central bank would solve the problem of the treasury. Every year the treasury department takes millions of dollars out of circulation. The present system of our treasury is to collect the revenue in gold, put the gold in the treasury vaults and keep it there until the money is dispersed. We would place the government money in the bank and loan it at two per cent. Lyman J. Gage, formerly secretary of the treasury, says: "The amount of money kept under lock and key, and away from all current use, in fields of industry, in excess of an ample working balance, has averaged fifty million dollars during the last thirty years." If this had been placed in national banks the United States would have been thirty-two million dollars better off.

THIRD AFFIRMATIVE, G. C. STEARNS, DRAKE.

Nothing is so vital to the prosperity of a nation as its currency. Gold has become the standard of values



in the United States because its value is comparatively fixed. To have a sound currency it must be redeemable in gold. The experience of the United States with wild-cat banks and state banks of issue basing their issues on assets of every conceivable variety, and maintaining these issues permanently in circulation, is that the issues not only depreciated in value, but had a tendency to drive gold into hiding and out of the country. To secure a sound paper currency, therefore, we must make that currency uniform and always redeemable in gold.

In the United States to-day the national bank furnishes us the basis of our currency, in the form of bond-secured notes. Professor Seligman of Columbia University, says, "It is impossible to make our currency elastic and base it on government bonds." This is true. Our volume of currency is of a fixed quality as well as quantity. To make it responsive to the needs of a country like ours, its quality must be equal to that of the best currency we have to-day: and its quantity must be determined by conditions. Under our national banking system, the provision for securing currency issued on bonds deposited by the United States treasurer, affords no relief whatever; for, while we are in need of about two hundred millions every fall to move the crops, yet, according to the comptroller's report, for the past sixteen years there never has been an increase of over three millions; and three different falls during this period there was a decrease in the amount of note currency issued.

Though England is the financial power of the world the weakness of her monetary system, when compared with that of Germany, as Parliament has frequently noted, is that she has a maximum limit of issue, and repeatedly the Bank of England has been threatened because of this maximum limit. In Germany the maximum limit of uncovered notes that may be issued by the Imperial Bank is one hundred million, but a wise provision is made that a further issue of notes may be made by the payment of a five per cent government tax, which secures their speedy withdrawal when the need is past. If there had been a central bank of issue in the United States in 1907, similar to that of the German government, we would not have had the humiliating spectacle of seeing our government, with a cash balance of over two hundred and sixty million to her credit, forced to incur new indebtedness in order to induce national banks to issue additional currency. With bills of exchange, based upon the actual commodities themselves, that could not be marketed that fall on account of a lacking currency, central bank notes would have been issued, and not a single grain shipment in the United States would have been delayed.

If our present paper currency shall be re-issued through a central bank in the manner I have described, and a maximum limit to uncovered notes shall be placed at two hundred millions, with a graduated tax of from two and a half per cent up, to be paid to the government for all notes issued in excess of their limit the excess issue to be protected by a gold reserve or ap-



proved securities, then we shall have secured for our monetary system, that which is most needed, the elasticity of our currency. A central bank will give stability to our banking system. The reserves on deposits from national banks will always be available. The stability of the central bank is assured because it utilizes the maximum of its resources: its capital of one hundred millions is available as a gold reserve until a surplus is accumulated, then this capital becomes a reserve for excess issue. The central bank utilizes the credit of the United States government pledged to redeem every note issued. It furnishes a centralized system of banks. It utilizes the resources of the country by establishing a re-discount rate on good commercial paper. It secures the confidence of the people, the largest asset of all, by guaranteeing the coöperation of the seven thousand national banks whenever a crisis is imminent.

FIRST NEGATIVE, THOMAS F. PARIS, DRAKE.

We of the negative recognize, as the affirmative has pointed out, that our present currency is inadequate; that our banking system needs perfecting, and that steps should be taken to safe-guard the country against recurring panics. We do not believe, however, that this "Utopian" form of governmental control which the affirmative advocate will bring about the needed reform. We do not object to the centralization and unification of the banking interests if such development is evolutionary in character. We would find little fault with the incor-

poration of the scattered units and the organization of a strong parent institution if the expert bankers of the country should be allowed as they are at present allowed in New York state, to work out a solution of the problem. But we are opposed to the meddling with one of the most intricate and acute problems which ever taxed the wits of skillful financiers by our American Congress, which body, for many reasons is altogether unfit to deal with the question. The banking problem is one of the most important as well as the most difficult of economic problems before the American people. We believe its solution ultimately must rest with the experts of the country, the motive of whose actions is the public weal and not political necessity or expediency. Let us look for a moment at the make-up of our American Congress. What per cent of those men do you suppose are competent to legislate upon a currency problem? A number of writers have estimated that almost ninety per cent of our Congressmen are chosen as spokesmen for corporate wealth. And if this be not conclusive, let me quote from Ex-president Roosevelt's recent message in which he said the main reason why Congress refused to pass the secret service appropriation was because Congressmen themselves did not wish to be investigated.

In the first place, the solution of a central bank, such as is proposed, with power to control the currency of the United States, to be at all adequate, must depend upon and be controlled by principles born of political expediency. The directors are pretty sure to be of one

political complexion; for are we to suppose from all our experience that men chosen as directors will cease to be attached to their party, or that the strength of this institution with all its influence would not be put in full operation to gain that party's ends when it has been committed to their care and placed under men of party prejudice? Before a central bank can be established by Congress, will it not first be championed by some political party and made a campaign issue? Is there one present, who, with knowledge of American politics, does not believe that that same party would demand the plums when they should be distributed?

If any one doubts the danger of politics dominating the administration of a central bank such as is being advocated here to-night, let him look into the records, for the United States is not without central bank history and experience. The establishment of a central bank by Congress, would be entirely out of harmony with the present trend of political action in kindred questions of economic importance. For many years the tariff issue has been one of the most fruitful assets partisan politics ever had. Accordingly, about every four years there is a fluctuation in prices, depression in trade, and a general stagnation in business, and all because no one knows just what the new administration will do with the "proverbial tariff." Now the business interests of the country are demanding that the tariff be taken out of politics and kept out. They are further asking that there be established a tariff commission composed of broad-gauged, impartial men, who would regulate the

tariff schedules in the interest of the American people.

Finally, such a bank, open to the encroachment of political power, would foster a gigantic monopoly and place the country wholly at the mercy of syndicates and scheming capitalists. It is a long step toward imperialism. It looks toward government ownership of public utilities, and federal control of private interests. The government should have the power to regulate monopolies, but to create them never. Democracy, devoted to the principles of equality, is opposed to all forms of privileges, and to none more than to a monetary monopoly. Public sentiment bitterly opposes such a usurpation of personal rights, and the American people have studied too long in the school of sorrow, from which came the teaching of wisdom, to yield to this alien monster.

SECOND NEGATIVE, L. D. OLIPLIANT, DRAKE.

Throughout this discussion the negative has admitted that the principle of centralization is not the weakness in the position of the affirmative. Where we break completely with the opposition is when they raise the cry of government control and ask that Congress be further burdened by being called upon to establish and control our banking system. Our banking system, imperfect as it is, has been developed by necessity, by personal initiative, and is in accord with the spirit of American institutions; but a central bank would be foreign to our free and independent spirit of commercial progress. If we were dealing with a single state, only a few hundred

miles in extent and limited in resources, a state surrounded on all sides by military nations as they exist in Europe to-day with their great standing armies, one might be justified in pleading for some of the features of a central bank. But the United States is so vast in territory, her resources are so unlimited and her volume of business is so immense, that even were political conditions here similar to those of Europe, it is to be doubted if the central bank were at all possible of operation. America is a land almost as large as all the nations of Europe combined, and her present wealth valued at $128,000,000,000 is increasing at the rate of from six to seven millions of dollars per day. Her present banking power is $17,850,000,000 as against $27,034,000,000 for all the other nations of the world. Again, since the year 1890, the banking power of the United States, in spite of the two panics of 1893 and 1907, has increased two hundred and forty-six and one-tenth per cent, while that of the rest of the world has only increased one hundred and forty-nine and five-tenths per cent, according to the last report of the comptroller of the currency. A change to a central banking system would be disastrous to our currency scheme and little less than a death-blow to Americanism. Government control of utilities, whether commercial or financial, has ever tended to create a condition which literally paralyzes energy, and on the other hand every great industry has been wrought out by individual initiative. In the light of these facts, we of the negative are both reasonable and American in contending that our

financial problems be worked out by the same principle.

If we are to stand for freedom of thought, we must stand for freedom of action. Justice requires that each individual shall receive from society a reward proportionate to his contribution to society. Can the government, operating through officials, make this apportionment better than competition? If competition is the life of trade and commerce we must conserve that life. We of the negative are not bound to the advocacy of any rigid system, much less a system of government control. If the present trouble is inelasticity, will the gentlemen of the affirmative show us where government control has given elasticity of method? Does it not always mean endless red tape and cast iron rules? Governments are not founded upon principles conducive to elasticity, but are founded as restrictive military and civil powers. If we want responsiveness and elasticity, then again we must give individual banks and individual initiative the chance to supply them. Our banking system has been a growth. It has been developed by peculiarities and necessities, many of which exist to-day and we dare not disregard them in seeking for remedies. The fundamental difference between the contention of the affirmative and negative is this: the affirmative propose a drastic, sweeping revolutionary measure that would upset our entire currency system in a day and in its stead transport a growth which has been nursed only in the military and autocratic governments of Europe. We propose to rest the problem with American genius and individual enterprise where a safe and sane solution will be reached.

THIRD NEGATIVE, CARL C. TAYLOR, DRAKE.

Centralized governmental control is the only natural thing in England, Germany, and France, where the nations are empires and monarchies, in spirit if not in the letter; there, where in financial as well as commercial affairs, everything tends toward governmental control. We do not deny that England, Germany, France, and others have central banks controlled by the government. We do not deny that they are, in some of these countries, a success, but we do deny that their power to meet emergencies, in the measure that they do, is due to the fact that they are controlled by the government. But, if the negative were to admit, which they dare not, that conditions are the same here and in foreign nations, even then the affirmative could not prove that the source of these nations' financial strength lay in the fact that their banks are controlled by the government. For Germany, France, and Scotland have government banks just the same as does England. But Germany, France, and Scotland have a flexible currency while England has not. Therefore, if we are to look for the cause of this flexibility we must look deeper than government control. If it is only government control, why then has not England with this same governmental system been able to meet her emergencies? Why has she been compelled to call upon other nations to pull her through her stringencies? Such a thing as a financial stringency is unheard of in France; Germany has not had what you could call a panic for a century; and Scotland has had but two

bank failures in the last fifty years, while England is likely to be thrown into a state of temporary insolvency at any moment by the failure of some comparatively large London business firm. Why is this so? Because the English system is not elastic and these other nations have this flexibility. And furthermore, England cannot expand her currency a single cent and thus cannot aid her citizens in their stress, while Germany, as has been demonstrated, can rush upon the market in a single week, $92,000,000. If, in the recent stringency England's deposits dropped seven million pounds, while at her best she could not expand her circulating medium over one-half million, and at the same time German deposits dropped only one million pounds and she discounted during the stringency nine million pounds of paper and added ten million more to her circulating medium, well may we declare that it is something deeper than mere government control that is back of the finance of Germany. And well may we, as true American citizens, demand that the reform in our financial world come along these same lines. We are not arguing that America should adopt the system of Germany, France, or Scotland. We are not even arguing that she should adopt an asset currency system, which is the real source of these nations' strength. But backed by such authority as Andrew D. White, once our minister to Russia, another time minister to Germany, sent on an important embassy to France, and president of the American delegation to the Hague Peace Conference,— backed by such authority we argue that only the nations where the government

has been found to loosen its iron grip are able to meet their emergencies.

It was in 1818 that a single bank conceived this idea of a banking scheme. For nineteen years the system grew in freedom and strength, at the end of which time it was put to the test. In 1837 the Suffolk system stood like a Gibraltar; it passed through and came out of that great panic positively unimpaired. Within twenty years more, or by 1857, the magnitude of the system encompassed five hundred other banks. Its notes were not only accepted all over the United States, but Canada as well. And the Suffolk system should be in operation to-day had it not been that Congress, the same body into whose hands the affirmative again propose casting the financial future of our nation, passed the National Bank Act, killed the Suffolk system, and set into operation the abominable system we now have.

REFERENCES.

A complete list of references is prepared by the Library of Congress, Department of Bibliography. Ask for references on Banks and Banking.

White, *Money and Banking.*

Gallatin, *Currency and Banking.*

Seligman, *Principles of Economics.*

Hull, *Practical Problems in Banking and Currency.*

Report of Comptroller of Currency, 1907, 1908.

Conant, C. A., *A History of Modern Banks of Issue* (Central Bank in Europe).

N. Y. Chamber of Commerce, *The Currency* (report of committee, Oct. 4, 1906).

Roberts, G. E., *Currency Reform and a Central Bank* (in Commercial and Fin. Chronicle, vol. 84, p. 1215).

Willis, H. P., *The Demand for Centralized Banking* (in Sound Currency, vol, 9, p. 1.

Reform of Treasury Banking and Currency, *Chicago Banker*, 1908.

Central Bank, *Independent*, vol. 63, p. 1539.

Advantages of a Central Nat. Bk., *Rand-McNally's Banker's Monthly*, vol. 22, p. 327.

Branch Banking and Asset Currency, *Banker's Mag.* (N. Y.), vol. 63, p. 1017.

A Central Bank, *Rand-McNally's Banker's Month.*, vol. 23, p. 315, 446.

Gov't Bk. Suggested, *Rand-McNally's Banker's Monthly*, vol. 33, pp. 235, 313; vol. 35, pp. 13, 243.

Need of a Central Bk. of Issue, *Moody's Mag.*, vol. 4, p. 151.

Banker's Approve Central Bk. Plan, *N. Y. Times Weekly, Financial Review* (Nov. 25, 1907), vol. 11, p. 4.

Central Bank of Issue, *Economist* (Chicago), vol. 38, p. 877.

A U. S. Central Bank, *Statist.*, vol. 60, p. 1068.

A Central Bank, *Rev. of Rev.*, vol. 37, p. 35.

The Central Bank Scheme, *Banker's Mag.* (N. Y.), vol. 76, p. 1.

Central Bank Idea, *Arena*, vol. 41, p. 323.

Proposal for Central Bank in U. S., *Quart. Jour. Econ.*, vol. 23, p. 363.

Central Bank a Menace to Liberty, *Ann. Am. Acad.*, vol. 31, p. 355.

Need of a Central Bank, *Ann. Am. Acad.*, vol. 31, pp. 345, 361.

Central Bank and Elastic Currency, *Ann. Am. Acad.*, vol. 31, p. 372.

APPOINTMENT VS. ELECTION OF JUDGES

XVIII

APPOINTMENT VS. ELECTION OF JUDGES

Resolved, That the judges of the superior courts and the judges of the courts of appellate jurisdiction of the states, should gain office by appointment of the state executive. The affirmative was supported by the University of Georgia, the negative by Vanderbilt University. The decision of the judges was for the affirmative. Each college was represented by two speakers.

FIRST AFFIRMATIVE, H. B. BLACKSHEAR, GEORGIA.[1]

We claim that executive appointment is better because: First, the executive is more competent to choose the judges than are the people or the legislature; second, because he will actually select the best judges; third, because even if the people or legislature were competent to select judges of great legal ability, the consequences would be dangerous; and fourth, because the results obtained from the systems in operation show that the appointive system is best.

The governor is more competent to choose the judges, for the qualifications of a good judge are such that the people are unable to distinguish them. The average voter may decide intelligently whether a given lawyer

[1] Synopsis prepared by Jerome Michael.

would make a good representative of his district, or can make an effective speech before a jury, or is a man of good reputation, but he can hardly form a very intelligent opinion as to his having that exact knowledge of the law and that sound judicial judgment which would qualify him beyond his fellows for the bench. The great mass of the voters are not thrown into contact with the men most fit to be judges, and such men rarely seek office at the hands of the people. The state's chief executive, on the other hand, is eminently able to choose the most fit man. His office opens for him varied and almost limitless sources of information and means of investigation. He is easily reached by petitions from State Bar associations proposing or endorsing worthy nominations, or protesting against the nomination of unworthy ones. In his campaign as well as in his previous public and private life he has probably had intimate, personal contact with the best lawyers of his state. Thus he has a wide acquaintance among that class from which the judges will come. Not only is the governor the most competent to, but he actually will select the best judges. "The greater the concentration of the appointing power the greater will be the sense of individual responsibility for every appointment made." The fact that the appointing power feels this responsibility joined to the further fact that the people have one whom they may hold responsible is practically a guarantee of good appointments. The governor will be influenced by a desire to have a good administration if by no higher motives. It is hard to believe that a man would willingly



see a period with which his name is to be forever associated characterized by infamy and shame. Political trickery and corruption are much greater under the elective than under the appointment method. Under the party convention system the candidates are too often selected by and are the tools of a few men and are not the choice of the people as a whole. The open purchase of judicial nominations in New York State under the guise of campaign contributions is sufficient evidence of this. Legislative election is equally open to corruption. Here the question is resolved into, "If you vote for my man, I will vote for yours." And it is very easy for legislators to shift the responsibility.

The governor, however, is alone responsible for his appointments and is amenable to the people. Again, safe-guards in the shape of long terms and ratifying bodies tend to minimize the opportunity for corrupt appointments. Thus we see that the governor is the most competent to select the judges and that he will actually select the best judges.

SECOND AFFIRMATIVE, JEROME MICHAEL, GEORGIA.

In addition to the contentions that the governor is the most competent to select the judges and that he will actually select the best judges, we claim that even if the people were competent to select men of high legal ability, the consequences would be dangerous, and next, that long experience proves the truth of these contentions and that, therefore, the appointive system is best.

The very nature of the judicial function cries out against the election of judges. It is not enough that a judge be learned in the law. He must be absolutely impartial, and the paramount prerequisite of impartiality is independence. The election of a judge unavoidably weakens this independence. Many elected judges are impartial, but we submit that this system puts a premium on unfairness and a bonus on partiality. An elected judge must unconsciously be influenced in favor of his supporters. The division of litigants into constituents and opponents is fatal to justice. If no real unfairness result, it will be suspected. The law has no favorites, yet the vote-chaser must have an exaggerated respect for the man of influence.

The independent judiciary is the only safe-guard against the prejudice and passion of juries. Federal juries are much more conscientious in being guided by the law than are the juries in our state courts. Such causes have made the proportion of appeals and reversals greater in our state courts than in the courts of any enlightened nation. To imperil by election, therefore, the dignity and independence of a judiciary is unwise. Appointment reduces this peril to a minimum. The judge is relieved of the necessity of chasing votes. This relief attracts more of the highest class of men than would otherwise seek the bench. Judicial independence is preserved by relief from a wide range of obligations. The judge owes his office to but one man.

Appointment, too, permits long terms, by which judicial independence is best secured. But long terms are

rarely found under the elective system; they are foreign to its spirit and short terms were first introduced by this system. The average length of term to-day under appointment is more than twice that under election. For these reasons we claim that it is unwise for the people to elect their judges. Experience proves that appointment is best. We remind you that we recognize that many elected judges are eminent jurists, but we do claim that this is in spite of, and not because of the elective system, and to justify this we refer you to James Bryce in his "American Commonwealth," Page 508, Vol. 1, and to Dr. Francis Newton Thorpe in his "Constitutional History of the United States," page 232.

Preparing a paper on "The Influence of the Bar in the Selection of Judges" read before the New York State Bar Association in January, 1905, Mr. Simon Fleischmann sent certain questions to six representative lawyers in each state. The answers to these questions showed great unanimity of opinion as to the following facts: First, that political activity and influence practically determines the selection of judges in the states employing the elective system, whereas legal ability and personal character largely determine the selection in states using the appointive system. Second, that the men best fitted to be judges are more frequently found under the appointive than under the elective system. Third, that while under the elective system the judges are fairly competent and to some extent enjoy the confidence of the bar and the public, competency and command of confidence are to a much higher degree charac-

teristic of the judges selected under the appointive system.

These facts clearly prove the superiority of the appointive system. Further evidence of its excellence is given by the almost irreproachable records of the English and Federal Judges.

FIRST NEGATIVE, J. C. RANSON, VANDERILT.[1]

When this Union of States was formed by the adoption of the federal Constitution, the principle of popular election was applied to government more fully than ever before in human history. It was applied to the executive department; it was applied to the legislative department; but it was withheld from the judicial department, chiefly because of the fears of Alexander Hamilton, who felt that imperialism had already conceded to democracy too much and could concede no more. His influence made the judges of the federal government independent of the people by giving to the chief executive the right to appoint them; a system analogous to that advocated by our opponents; who would give to the chief executive of the State the right to appoint the higher judges of the State. We do not propose to spend any of our time in reviewing the record of the federal courts, whether favorably or otherwise; the question concerns the state courts, and the state courts alone.

Of the federal system of appointing judges we say only this: It was obnoxious to Thomas Jefferson, whose theory of government has found favor with suc-

[1] The report of the negative speeches was prepared under the direction of Professor Albert M. Harris.



ceeding generations while the imperialism of Hamilton has been discountenanced; and it has proven very generally obnoxious to the people at large, as a summary of the judicial system now employed by various states will plainly show. For, in spite of the many excellencies in the federal government, and in spite of the fact that it is commonly held up as the model in all things governmental, thirty-nine out of the forty-six states in the Union have seen fit to depart from federal usage in the manner of selecting their judges. To the seven which have appointment by the governors there are five which have election by the legislature and thirty-four which have popular election. Further than that: not only the percentage of states having appointment of judges, but actual number of such states, has steadily diminished in the century and a quarter since the formation of the Union. In the thirteen original states there was a larger number of states employing the appointive system, than at present in the entire forty-six states.

The first ground on which we oppose their system is its inconsistency. We live under a democratic government. We elect legislators and delegate to them the making of our laws; we elect executives and delegate to them the enforcement of those laws; and why shall we not elect the judges, to whom is delegated the business of interpreting these laws? It has always been the stock argument of those who favor appointment that the chief executive, to whom they would give the power of appointing the judges, is himself elected by the people, so that the people indirectly control the judges. But why

not directly, just as they control the other officials directly? If it is right to apply the principle of popular election to the executive department and to the legislative department, on what ground do they discriminate against the coördinate department of justice? It is only when we look deeper into the nature and powers of this department that we can explain this inconsistency. What relation does the judicial department bear to the legislative and executive departments? The three are coordinate in name, and in the fact that they cannot destroy each other; but in some respects the judicial department is supreme. The executive department exercises a limited control over the legislative by reason of the governor's power of vetoing legislation; but that veto may be overridden by sufficient majority of legislators. But the Supreme Court exercises a final and unquestionable authority over legislation; the Supreme Court can annul an act, not only on the ground that it violates the express provision and clear implication of the Constitution; but even on the ground that it is not in harmony with the spirit of the Constitution! And it is the sole province of the Supreme Court to define what that Spirit is! With such powers it is not merely a court of justice; it may easily become an exacting censor over another department of state, with supreme authority to approve or repudiate its enactments. Here is the secret of our opponents' solicitude for the judicial department! They are willing enough to leave to the people the right to select their legislators and executives, whose authority is not final: but the judiciary whose au-

thority is final, and who by reason of that authority is virtually supreme among the departments of state, they would remove as far as possible from the reach of public opinion. This was the motive that originally inspired the system of appointment of judges as laid down in the federal Constitution. That fact is historically attested.

It is clear that my opponents oppose the principle of popular government, since they would withhold from the people a voice in that department of government which exercises the final authority over the other departments. They would rather put their faith in the whim of a single man than in the integrity of the people at large. This is clear violation of the fundamental principles of free government, and this is the ground of debate on which we are willing to leave the issue of the question.

By nature of its powers the Supreme Court has the ascendancy among the three departments. Above all others it needs to preserve its purity and independence. Our opponents would destroy its integrity as an independent department and subordinate it to the executive department. To concede to the chief executive the right to name the judiciary is to make the judicial department tributary to the executive department. To concede this right to the legislature would be to make the judicial department tributary to the legislative department. In either case the judicial department is humiliated by being lowered to a position of subserviency to a department of inferior authority; and neither system

is as defensible in theory as it would be to give to the judiciary the right to name the governor by the legislators. But they go further than this. They would subordinate the judiciary, not only to a department of inferior authority, but to a single individual. Election by the legislature has its faults, but it sets up no one-man power to exercise his will upon the judiciary. And that man, as governor of the state, is of all men he who is liable to come into the most intimate and important relations with the very courts over which he has seated the judges. We would now remind you that its power of writs enables it to exercise a no less final authority over the executive department. Every act for which the governor is officially responsible is subject, if challenged, to the approval or reversal of the courts. We name three specific writs which may be granted at the discretion of state courts to any applicant: The mandamus, to force the administration to perform the duties which it has neglected; the injunction, to prevent the administration from acting where it ought not to act; and the certiorari, to review a decision already made by the administration to the end that such decision may be annulled or amended. No unscrupulous governor can set out to exceed his rightful authorities or to neglect his appointed duties without reckoning upon the interference of the people's courts; but if such a governor has the assurance of a judiciary already prejudiced in his behalf, there is no other constituted authority which can intervene to hinder his unlawful actions.

We have attacked the position of our opponents on two grounds; first, its inconsistency with democratic principles; and second, the fact that it would subordinate the department of final authority not only to a separate department, but to a single highly interested individual. We now advance a positive argument for popular election as opposed to appointment. It is a general argument that applies to any electoral system, but it applies here with special emphasis to answer the various excuses with which our opponents would hedge their position. That argument is the educational value of popular election. I have on the table a book which parades the occasional unsatisfactory selections that the people have made for judges, and seeks to leave the impression that such is the rule and not the exception. Such an endeavor assumes one of two things: Either that the people cannot select good judges; or that they will not select good judges; the assumption of bad judgment or the assumption of bad will. And yet it is the possibility of the truth of these very assumptions that calls imperatively for popular election. If the people do not know the difference between a good judge and a bad judge, it is time they were learning. How will they ever learn to exercise the duties of citizenship properly, except by the exercise itself? To the pet clamor of the advocates of appointment, that the majority of the voters will throw away their reason and prefer the demagogue to the candidate whom they know to be the more worthy, the voice of democracy answers: Let them learn by experience that it pays to elect good judges.

SECOND NEGATIVE, R. S. HENRY, VANDERBILT.

The fact that the elective system has extended over the whole United States is sufficient to show that the elective system of selecting judges has given satisfaction, that it is not only preferable in theory, but that in practice it has justified itself. In this discussion the question of the length of terms for which judges shall be elected or appointed figures largely, of course, although only as a collateral branch of the main question. It is contended that the long term is part of the appointive system and the short term of the elective. But an investigation of the length of terms in the various states shows that this is not the case. Among the states where judges are appointed, only two, Massachusetts and New Hampshire, appoint for life terms. The terms in Delaware are twelve years, Mississippi, nine years, in Louisiana eight years, in Maine, seven, in New Jersey, six; on the other hand there are many states where the judges are elected for much longer terms. In Rhode Island and Connecticut the terms are for life, in Pennsylvania the term is twenty-one years, in Maryland, fifteen, in New York, fourteen, in California, Virginia, and West Virginia, twelve, in Missouri, Michigan, and Wisconsin, ten, in several states nine, in others eight, seven and six years, and in only one for as short a period as four years. Considering the general average it can be seen that there is absolutely no foundation for the position that long terms go with appointment, and short terms with election, and the only fair construction

of the question would be that the matter shall be left in *statu quo* in the states.

The great example of the workings of the appointive system that is held up is the federal judiciary. In some ways the federal judiciary is superior to that of the states. The advocates of the appointive system ascribe these advantages to the fact that the judges are appointed. There are two hundred and fifty federal judges in all the United States. In Tennessee alone there are one-third as many state judges of the same rank. Naturally the federal judiciary has advantages over the judiciary of the states. It is composed of few men, selected from all over the United States, and backed up by the entire power of the great federal government. The salary of a United States district judge, the lowest grade in the system, is thirty-three per cent larger than that of the Chief Justice of the supreme court of Tennessee. There are greater inducements offered to attract United States judges to the bench, larger salaries, more power, greater prestige.

Montana has recently adopted a law providing for the non-partisan nomination of judges. The law is, in effect, that a certificate of nomination, signed by five per cent of the qualified voters, shall be sufficient to nominate, without other action. The history leading up to this legislation, is instructive in showing what might happen if a governor should have the power to appoint all the judges in the state. F. Augustus Heinze and the Amalgamated Copper Company were fighting for the possession of certain properties in Montana. One

of the district courts of the state did little else but attend to this litigation, and one week the judge would solemnly overrule his decision of the week before. That judge was bought and sold, first by one and then the other, but everywhere else the judges were straight and honest. The law was passed for the relief of one district. Suppose that the governor had had the power to appoint judges in any of the superior courts of the state or on the supreme bench, and the governor had been bought, where would the courts of Montana have been! Corrupt ringsters sitting on every bench, selling justice for a price and making a mock of law, and using the power of the same law they were bringing to shame to enforce their iniquitous decrees!

Even in the few states where judges are chosen for life there is always the possibility that one man may have the opportunity to change the balance of power in the court of last resort, while in the smaller courts of the country, with only three judges, or even with five, this possibility becomes a probability and almost a certainty. One of John Adams' last official acts was the appointment of John Marshall as Chief Justice of the United States Supreme Court, and for more than thirty years the trend was toward centralization. Andrew Jackson appointed Roger B. Taney, and for a quarter of a century the pendulum swung back. It seems now that William H. Taft will have the chance to not only change the balance of power in the court, but that he can actually name five of the nine justices.

In the state courts where the judges are appointed for

life such a situation would arise much oftener, since there are only three, five, six, or seven justices, and one man is of correspondingly greater importance.

Appointed judges have been honest in the main, but the judges of the state courts who received their offices direct from the people have been just as honest. They have been able, but the other judges have been just as able. The judges of the great Court of Appeals of New York, regarded as second only in influence and weight to the Federal Supreme Court, are elected, as are many others of the most highly respected courts in the country. Of the greater courts, the ones whose decisions are most often quoted by text writers and law compilers, and which carry the greatest weight with the legal profession, there is only one, that of the state of Massachusetts, where the judges are appointed.

What are the faults of the elective system? "A judge should not be in politics." This is the favorite cry of those who oppose the election of judges. Their position is that a judge should not come before the people in his own person and ask election, that he should take no part in political contests. In their argument along this line the gentlemen are led into a mistake in assuming that candidates for judgeships make stump canvasses, as do candidates for sheriff and constable. They declare that the qualities which make a man a good "mixer," a good "vote-getter," are not those which a judge should have, but they overlook the fact that judges no longer "mix with the boys," or go on hand-shaking or baby-kissing tours of the state. The

canvassing of candidates for judges is conducted entirely by letters and circulars sent out from campaign headquarters in nearly all states now, and it is not necessary for a candidate to be a good "mixer."

Another objection that is urged with great vehemence is the corruption of elections. This objection is based upon the false assumption that such frauds are confined to judicial elections, and does not take notice of the fact that more numerous, more varied, and more ingenuous frauds have been practiced in gubernatorial elections than were ever seen or heard of in judicial elections. Frauds in the election of a judge affect only that district in which he is elected, while frauds in the election of a governor would effect the entire judicial system and the administration of justice throughout the borders of the states where judges are appointed.

There is room for improvement in the system of popular election of judges. There is in all things human. With the growth and development of the American bar association and the bar associations of the various states, bodies formed of the best lawyers in the country, impelled by self-interest to work for the betterment of conditions of legislation and of the judiciary, this movement is bound to acquire even greater strength, and as the power and influence of these bodies becomes larger and larger they will become more and more a factor in the improvement in the elective system of choosing judges.

NEGATIVE REBUTTAL.

The gentlemen have advanced as one of their strong arguments for the appointment of judges the idea that an able jurist would not care to risk defeat in an election, and would not seek the office, but that he would accept a position on the bench if tendered to him by a governor. In support of this contention they cite the example of the federal courts. If they desired to make such an argument effective they should have cited state courts where judges are appointed. There is no comparison between the federal and the state courts, as there is no comparison between the national senate and the state senate. There are only two hundred and fifty federal judges, while there are fifteen times as many state judges of the same rank. Even the lowest grade of the federal judiciary receive a much larger salary than even the supreme court judges in any state, save two or three of the wealthiest. There is a greater difference. Elihu Root and Joseph Choate left law practices amounting to at least $300,000 a year to become cabinet ministers and foreign ambassadors: a place on the federal supreme bench is considered more desirable and a greater honor. Any lawyer would accept a place on the federal supreme bench, but there is no state court, not even New York or Massachusetts, which would draw a man whose practice amounted to as much as $25,000 a year. The federal courts are the courts of the nation. A justice has a national reputation and receives a nation's honor.

The gentlemen have fallen into another sad error. They have assumed that governors will appoint leaders of the bar to judgeships. The governor of Pennsylvania appointed John D. Archbold's men to places on the state bench. The men may have been of the type that did not dare to come before the people; certainly they could not have been elected with Standard Oil backing; but they were appointed through that influence.

They quote Mr. Bryce. It was not so much the method of selecting judges which Mr. Bryce criticised as the length of term. He may be right, but the length of service is not determined by the length of term. A judge rarely fails of reëlection for a second or a third term, and many judges serve for life. In Tennessee there has been only one change in the past sixteen years, and that was caused by death. Even if Mr. Bryce is right in regard to length of term that matter is not under discussion. But in quoting Mr. Bryce the gentlemen have neglected to give his summary of the whole matter. He says: "The mischief growing out of the elective system is smaller than I had expected. In most states where the elective system prevails the bench is respectable, and in some it is adorned by men of the highest eminence. Justice between man and man is fairly administered over the whole country." And remember that the mischief complained of he ascribes to three causes, election, short term, and small salaries, with special emphasis on the short term.



REFERENCES.

Bryce, James, *American Commonwealth.*

Thorpe, Francis N., *A Constitutional History of American People.*

Talais Encyclopedia of Political Sci., vol. 11, *The Elective Judiciary.*

Madison's Journal.

Baldwin, *The Am. Judiciary.*

Fleishman, Simon, *The Influence of the Bar in selection of Judges.*

Proceedings of the Georgia Constitutional Conv., 1877; Proceedings Kentucky Court, Conv., 1849.

Bliss, *Encyclopedia of Social Reform,* p. 663.

Cyclopedia of Pol. Sci., vol. 2, p. 647 (Judiciary).

Reform in the Judiciary, *Nation,* vol. 13, p. 365.

Politics and the Judiciary, *Atlantic,* vol. 83, p. 743.

Usurpation in Interest of Money Power, *Arena,* vol. 19, p. 721.

American Judicial System, *Arena,* vol. 34, p. 495.

Independent Judiciary, *Outlook,* vol. 81, p. 453.

Judicial office in Germany, *Ann. Am. Acad.,* vol. 25, p. 328.

Federal Judges, *Arena,* vol. 29, p. 568.

Election by the People, *Arena,* vol. 32, p. 457.

Sale of Judgeships, *Nation,* vol. 53, p. 384.

Attacking the Judiciary, *Nation,* 82, p. 336.

Degrading the Judiciary, *Ind.,* vol. 61, p. 884.

Changes Demanded, *Arena,* vol. 37, p. 149.

New Attack on Judges, *Nation,* vol. 85, p. 296.

Nine Arbiters of Am. Destiny, *Cur. Lit.,* vol. 43, p. 500.

Delays and Defects in Enforcement of Law (W. H. Taft), *No. Am.,* vol. 187, p. 851.

Gov't by Judges, *Arena,* vol. 38, p. 479.

Injunction and the Judiciary, *Ind.,* vol. 65, p. 352.

Issue beyond the parties, *Ind.,* vol. 65, p. 920.

Judicial Supremacy, *Arena,* vol. 39, p. 148.

Swiftness and Certainty of Justice in Eng. and U. S., *No. Am.,* vol. 188, p. 26.

Criticism of the Judiciary, *Outlook,* vol. 91, p. 283.

Judicial Decisions an Issue in Politics, *McClure's,* vol. 33, p. 201.

Judicial Experience, *Outlook,* vol. 91, p. 563.





PRESIDENTIAL VS. PARLIAMENTARY GOVERNMENT





XIX

PRESIDENTIAL VS. PARLIAMENTARY GOVERNMENT

In the debate on the question stated below, Dickinson College upholding the affirmative lost to Franklin and Marshall College upholding the negative. "Resolved, That for the United States the Presidential system is a better form of Government than the Parliamentary system."

FIRST AFFIRMATIVE, HEWLINGS MUMPER, DICKINSON.

Our Constitution is the result of able selection of governmental forms suited to peculiar American conditions. We admit that there are faults in our system as there are faults in any system, but we maintain that our system has proven to be a wonderful government for the peculiar needs of the American people. Our Government fits us because it has grown up with us, and has been a success in so far as any government is successful. Since Government is a consequence and not a cause, the faults of our system are the consequence of the attitude of our people and not caused by our governmental forms.

SECOND AFFIRMATIVE, FRED R. JOHNSON, DICKINSON.

The customs and needs of our people are not those of Parliamentary governed peoples, for two reasons: Par-

liamentary governed countries tend toward absolutism in tenure and prerogative. The Parliamentary is the system in which the oligarchy; that is, a coterie of party leaders holds supreme power. Our system tends toward democracy because legislation is divided in our committees, among our whole representation. In Parliamentary governed countries there is a marked tendency for impulse to rule, whereas our system of checks and balances exalts public opinion; therefore, our system is a conservative system, and on this account better suited to the needs of our heterogeneous people.

THIRD AFFIRMATIVE, J. WARREN GIBBS, DICKINSON.

The inauguration of the Parliamentary system would mean a sacrifice of more than a century of development and precedent. Our President would speedily become a figure-head, thus rendering the veto worthless. Our House of Congress must lose its equality since the ministry, the servant of Congress, could not serve two masters. Our Supreme Court would be pitted directly against a sovereign people, and would therefore be no longer upheld by public opinion. Our Constitution would be doomed. The above changes would unite to cause a condition of uncertainty and chaos which would be dangerous in the extreme.



FIRST NEGATIVE, I. R. KRAYBILL,
FRANKLIN AND MARSHALL.

Definition: The essential difference lies in the cabinet, which in the Presidential system is responsible to an independent executive, and in the Parliamentary system is responsible to the legislature. Two tests for good democratic government: Responsiveness to popular will. Efficiency. We submit that a change is not implied by the question, as the two systems must be compared under the same conditions.

The fact that the Presidential system has been a success in the United States does not prove of itself that it is the better system. The fact that the Presidential system was adopted by the framers of the American constitution does not prove that it is the better. They were influenced by conditions which no longer obtain. The English Constitution of that day was only in a state of transition. They were influenced by the legalistic theory of Blackstone and the political theory of Montesqieu that there would be no civil liberty without a separation of the powers of government, but the subsequent history of England has proved that this is not true. In practical working the colonial governments had two sources of authority — the Crown and the people, while to-day there is but one source — the people. They feared one-man power, while experience under a parliamentary form has proved this fear groundless. They feared democracy, which American experience has proved unwarranted. The parliamentary

system is a higher form of development than the presidential system, and therefore the nations of the world are drifting toward a closer connection between the legislative and executive departments. England, France, Germany, the United States.

Report of Senate Committee, 1881.

SECOND NEGATIVE, J. B. LANDIS,
FRANKLIN AND MARSHALL.

The Parliamentary form of government is better for the United States than the Presidential form, because it is more responsive to public opinion, which must characterize a good system of government. A free people does not govern itself if its will is not represented. The people know their interests best, and should decide matters pertaining to them. The English executive and legislature must belong to the same party, which is desirable, for it makes room for the fulfilment of party pledges. It prevents blocking of legislation. It assures the carrying out of legislative measures. If the Cabinet and House of Commons disagree the matter of disagreement is referred to the people, which is desirable, for it prevents revolutions. The Parliamentary system is more elastic, for there is no political agitation unless there is an issue. There is no disagreement unless there is an issue. Under the Presidential system there can be no elasticity, for terms of office are fixed. Since elections occur at short fixed intervals, issues must be created, which is an evil, for people are deceived by political



bosses. Attention of people is centered on unimportant issues, which is a loss. It is not possible to change an unsatisfactory administration until expiration of the term of office.

Parliamentary government is better because it enables the people to fix the responsibility which is essential to a good government. That the Cabinet be held responsible for enacting and enforcing laws is desirable. It makes the members deliberate, impartial and cautious. They are held individually and collectively responsible for all legislation. It is not possible to fix responsibility under the Presidential system. Executive and legislative heads of government are independent of each other. Executive may not initiate measures. In Presidential system all bills are considered behind closed doors by irresponsible committees. Committees are appointed by an all powerful speaker who represents his own constituency rather than the people at large. Blame may be shifted by reason of such an elaborate committee system.

The parliamentary system is better because it adjusts itself more quickly in time of a crisis. There is no general depression when an administration changes. The people are certain of the policies to be instituted by reason of having voted upon them. Under the Presidential system the executive by keeping within certain bounds may assume any attitude, and cannot be displaced. Buchanan did so. There is a greater degree of uncertainty at the accession of a new executive in the United States. In the Parliamentary system a peace ministry may be displaced by a war ministry if the people de-

mand. The Aberdeen ministry was changed during the Crimean War.

THIRD NEGATIVE, J. S. SIMONS, FRANKLIN & MARSHALL.

It is my purpose to show that the Parliamentary form is the more efficient. The Parliamentary system is the stronger in organization. Efficiency means strength to accomplish, and not strength to prevent. A coördination of the functions of government strengthens them. The fable of "The Body and Its Members" illustrates the value of coördination in government. The Parliamentary system attracts better men. Statesmen are attracted to a legislature that has real power. The prime minister is an experienced leader. The Parliamentary system secures harmony. The legislative and executive functions are coördinated. The Parliamentary system secures unity of legislation. Practically all bills originate with the Cabinet. The Cabinet is concerned for the country as a whole, and not for any particular district. This is a growing need in the United States. The Parliamentary system is educative in its reaction on the governed. Democracy is educative. Athens found this to be true. Responsibility is sobering.

REFERENCES.

Bryce, *American Commonwealth*, Vols. I and II.
Lowell, A. L., *Essay on Executive Responsibility.*
Wilson, *The State.*
Wilson, *Congressional Government.*



Sidney Low, *The Governance of England.*
Lowell, A. L., *The Government of England.*
Bagehot, Walter, *The English Constitution.*
Wilson, *Leaderless Government.*
Lowell, A. L., *Governments and Parties in Continental Europe.*
Burgess, J. W., *Political Science and Constitutional Law.*
Taylor, *Origin and Growth of the English Constitution.*
Bradford, *The Lesson of Popular Government.*
Bodley, *France.*
Statesman's Year Book for 1908.
Stanwood, *A History of the Presidency.*
Wilson, *Constitutional Government in the United States.*
Courtney, *The Working Constitution of the United Kingdom.*
Dicey, *The Law of the Constitution.*
Sidgivick, *Elements of Politics.*
Godkin, *Unforeseen Tendencies of Democracy.*
Crane & Moses, *Comparative Constitutional Law.*
Lodge, *Historical and Political Essays.*
Fiske, *Civil Government in the United States.*
Boutney, *The English Constitution.*
Leacock, *Elements of Political Science.*
Sears, *Political Growth in the Nineteenth Century.*





POPULAR ELECTION OF SENATORS





XX

POPULAR ELECTION OF SENATORS

Resolved, That United States Senators should be elected by direct popular vote. The University of Cincinnati defended the affirmative in the debate with the University of Tennessee, while in the debate with University of Western Reserve they defended the negative. In both debates the University of Cincinnati won the decision. It will be observed that in the debate with the University of Tennessee there were but two speakers, which is the arrangement generally followed by many southern colleges.

FIRST AFFIRMATIVE, ROBERT S. MARX,[1]
UNIVERSITY OF CINCINNATI.

The features of the Senate are (1) the small number of members, (2) the long length of their terms, (3) their higher age, (4) their election to represent the entire state, (5) the equal representation of each state, and (6) the indirect method of election. We propose to change but one feature — the method of election. This will require a constitutional amendment. In urging this change we shall in no way question the honesty of the United States Senators. We shall consider the senate to be composed of men of the highest ability and integrity. This debate is upon the single issue — which is the more

[1] The synopsis of the speeches which follow was prepared by Robert S. Marx.

desirable method of election; — by the Legislature or by the people. We shall present two arguments: The inherent evils of election by the Legislature necessitate a change; election by the people will remedy these evils and prove of great benefit. I shall prove the present system inherently evil in principle, and in practice.

In principle it is based upon a distrust of the people. Roger Sherman said it was designed that "the people should have as little as may be to do about the government." It is also based on delegated authority by prior delegation. This is an exploded political doctrine and is now unnecessary, as witness the change in the "Electoral College," and the direct election of all state officials. It is further based on lack of responsibility. The Senator represents neither the people nor the Legislature, as that body changes from three to five times during his term of office. He is a free agent, responsible to no one. It means confusion of state and national issues. A candidate for the state Legislature is for prohibition and for a democratic Senator. You are against prohibition but for a democratic Senator. How can you vote for a democratic Senator without voting for prohibition, or vote against prohibition without voting against a democratic Senator? You are compelled to sacrifice your state or your national principles and in either case to stultify yourself upon one or the other issue.

The method has failed in practice. It has caused deadlocks; fifty-one in fifteen years, resulting in riots, hasty choice, multiplicity of candidates, holding up of state business, and great expense. It causes non-repre-



sentation. In fourteen cases in ten different states in the past fifteen years the state has only been partially represented, resulting in injury to the state, to the nation. It means misrepresentation. This is caused by minority rule, gerrymandering, and by caucus choice.

This is the record of the present system in practice, and we shall not mention the boss-ism, the political intrigue, machine politics, the notorious bribery and corruption that have disgraced and debauched every session of the Legislature which has had a United States Senator to elect. We have confined ourselves to the inherent evils in the system of election by the Legislature — a system which is wrong in foundation principle, and a failure after one hundred and thirty years practical trial. This is the system for which the negative stands. This is the system we would abolish.

SECOND AFFIRMATIVE, JOHN DE MOSS ELLIS, UNIVERSITY OF CINCINNATI.

We propose direct popular election because it is (1) the most conservative, and (2) the most efficient method presented.

Direct election is conservative because: It is based upon precedent. It is as old as the Constitution, and has been placed in the constitutions of all, save two, of the republics of the world. It is within the spirit of the Constitution, and the fifteen amendments which all aim at a more perfect democracy. It would not change a single feature that makes the Senate conservative, deliberative,

representative of the states. It is the plan that is demanded by the people — The House of Representatives has passed this measure five times. It has been part of all but one political platform. It is demanded by the states — More than two-thirds of the state Legislatures have demanded it, and eighty-seven separate legislatures from all sections of the country have petitioned for direct election. These are the bodies charged with both amending the Constitution, and electing United States Senators. The states are attempting to secure direct election without a constitutional amendment. In thirty-four states there are direct primaries and fifty-four United States senators must now go before the people of the state. These plans often fail. The Legislatures in many cases have elected men who did not receive a single vote in the primary, because these plans are merely advisory, not constitutional, and not binding. They emphasize the need for a constitutional amendment.

The plan is efficient because it is the only remedy for present evils: It will make the senator responsible to a certain definite constituency, coupling power with responsibility. It will make the senator the true representative of the entire state, because the people form the state, not an invisible entity. It will divorce state and national issues by relieving the Legislature of all national duties. The Legislature will be elected upon state issues. The senator upon national issues. It will abolish deadlocks by making them impossible. There must be an election when the people vote directly. Every state will be fully represented, because where there



is no deadlock there can be no possibility of a vacancy. It will wipe out "gerrymandering" because the election will be from the entire state, not by districts. It will give the majority of the people a representative, and abolish the caucus manipulation resulting in a minority representation.

These benefits are three-fold to the state, the nation, the people.

FIRST NEGATIVE, MORRIS LAZARON,
UNIVERSITY OF CINCINNATI.

We believe the direct election of United States Senators is: 1st. Unnecessary. 2nd. Unwise. 3rd. Un-American. It is my purpose to prove it unnecessary. The evils alleged to exist are not inherent in the system of election nor are they of a national character; the Senate has fulfilled its purpose.

The evils which are urged as the cause for the overthrow of our constitutional senate are of a local character, and are not the result of the method of election. They are: The mixture of state and national politics. This is the result of our party system of elections and party loyalty, such as we witness in all elections — State and even municipal; by throwing the election of a senator into the popular arena we would increase the mixture of state and national issues. The evils are the result of bribery and corruption. This, also, is in no sense peculiar to the indirect method of electing senators, but is found in all elective systems, direct and indirect.

It is less prevalent in the senate than in directly elected bodies: — but two charges of corruption have been proved in the Senate, and only ten charged. The cases in the House of Representatives and in the directly elected state offices and municipalities are innumerable. The cure is in special legislation directed against the evil — such as the "Corrupt Practices Acts" of Nevada, California and Oregon, and in higher standards of public morality. The evils are the result of deadlocks. These are of minor importance. They are unknown in twenty-five states. More than one-half the states have not had a deadlock for the past fifteen years. Of the remainder seven have but one in seventeen years. They are of purely local character and origin and do not require a national remedy.

The Senate has ably fulfilled its obligations to the American people: — It is composed of men of experience, character and ability; it draws only the highest type of statesmen. These men have almost all been elected by the people to office. It has adopted and initiated most of the great measures of our legislative history, legislation for labor, education, justice, and humanity. It has been the ground upon which the great battles for constitutional liberty have been fought, reconciliation, reconstruction, etc. It is the deliberative, conservative body of the country. Contrast its career and personnel with that of the popularly elected House.

SECOND NEGATIVE, CHARLES SAWYER,
UNIVERSITY OF CINCINNATI.

My colleague has shown direct election to be unnecessary. I shall prove it unwise. It is unwise because, first, of the evils of its immediate practical result, and second, the evils of its ultimate consequences.

The immediate result would be: — To increase bribery and corruption. This is true because the scene of election would be shifted to the party convention, the special field of the machine and corporation corruptionists. Besides, it is notorious that popular elections are more replete with corrupt methods than the Legislature. It would transfer the power of election from the people of the state to the great centers of population. The vote in New York City would decide the senator for New York State. It would substitute for a few deadlocks a great number of contested elections. There have been three hundred and fifty contested election cases in the house. They are always decided according to political bias. It is impossible to canvass the vote of the entire state. It would make the senatorship exclusively a rich man's position. None but men of great wealth could carry on a campaign for election over the entire state. Senator Stevenson spent $110,000 in the state of Wisconsin in the primary alone. It would increase the cost to the state by necessitating a special election, or add to the confusion of issues by injecting an additional factor of great magnitude into every election.

The ultimate consequences of direct election would

be: to change the character of the senators. The senator would become a man who could poll the largest vote — not the ablest man. The term of office would ultimately be shortened. This has been the inevitable tendency of all popularly elected offices. The size of the senate would be increased. The states would not consent to be equally represented in a directly elected senate. New York would demand more representation for her 7,000,000 than Oregon with her 250,000. The senate would ultimately become a second House. The men will become of the same character, the size will be enlarged, and the term of offices decreased. Besides being elected by, representing, responsible to, and swayed by, the same identical influence.

THIRD NEGATIVE, NICOLAS HOBAN,
UNIVERSITY OF CINCINNATI.

My colleagues have shown the proposed plan unnecessary, and unwise. I shall prove it un-American.

It is un-American because it is not in accordance with the spirit of the founders of this republic. The proposed plan was considered in the Constitutional convention, and was overwhelmingly rejected. The present plan was not a compromise. It is contrary to our form of representative government. Our Constitution provides for a government by representatives, not by the people direct. It will destroy the system of checks and balances, which forms the foundation of our Constitution. The present plan is part of a delicate adjustment, whereby the senate



is balanced against the House; the Senate and Judiciary against each other, and the President and Senate against each other. The proposed plan would overturn this entire system. It will destroy state sovereignty and the equality of representation. The state, as such, is now represented in the Senate. If the people, as, such, are represented, the identity of the state will be lost. It is the first change in the organic government provided by the Constitution, and is the entering wedge for the direct election of all officials including the judiciary. It will form a dangerous precedent, leading to all direct legislation, initiative and referendum.

For these reasons this (1) unnecessary, (2) unwise and (3) un-American plan should be rejected.

Besides every evil claimed to exist in the present plan can be remedied, and every benefit hoped of the proposed plan can be secured, by a simple, practical method; — not by amending the Constitution of the United States, but by amending the law which regulates the election of senators. The election of senators is now regulated by a law passed in 1866. This law has stood for nearly a half century without change. It is this law, not the Constitutional provision, which is the cause of the existing evils. We therefore propose to amend this law as follows: First, Provide that a plurality vote be sufficient to elect in place of a majority of the legislature. This will abolish all deadlocks and vacancies. Second, That elections must take place at once instead of a week after convening. This will abolish caucuses and "Ideals." Third Introduce a "Corrupt Practices" clause similar

to that in force in Oregon. This will abolish corruption and bribery. By this method we would remove the cause of the evil, uproot the entire system. We apply a local remedy to a local evil — not a national remedy. We ask if all the affirmative would accomplish by amending the Constitution can not be done by amending the law which regulates the election of senators?

REFERENCES.

All references up to 1904 are collected in "List of references on the popular election of Senators," Library of Congress, Washington, Government Printing Office.

Additional or good material on the *affirmative* is as follows:—

Bryce, James, *The American Commonwealth.*

Haynes, J. N., *Election of Senators,* 1906.

"Papers Relating to the Election of Senators by the Direct Vote of the People," *Senate Doc.* 512, 518. Sixtieth Cong., 1st Sess.

Burgess, J. W., Methods of Choosing Senators in Different Countries, *Political Science Quarterly,* vol. 19, p. 554.

Fullton, C. W., People as Legislators in Oregon, *North-American,* 185–70.

Thatcher, G. A., Significance of the Oregon Experiment, *Outlook,* vol. 83, p. 612.

Oregon Election, *Independent,* vol. 64, p. 1444.

Election of United States Senator, *Arena,* vol. 40, p. 428.

Congressional Record — Speeches:

Bryan, Wm. J., *Congres. Rec.,* vol. 23, pt. 6, pp. 6071, 6072, July 12, 1892; vol. 26, part 8, pp. 7775, 7777, July 20, 1894.

Mitchell, John H., *Cong. Rec.,* vol. 23, pt. 2, pp. 1270; vol. 28, pt. 7, 6151, 6162, 35th vol., pt. 3, pp. 2616.

Turpie, David, *Cong. Rec.,* vol. 23, pt. 1, pp. 76 to 80; vol. 27, pt. 1, 73–76; vol. 28, pt. 2, 1382–1385; vol. 30, pt. 1, pp. 169–173.

Additional or good material on the negative is as follows:—

De Toqueville, *Democracy in America.*



Haynes, S. N., *Election of Senators,* 1906.

Crane, Condit. . . . In The Seats of The Mighty, ***Outlook,*** vol. 6, pp. 27–34.

Edmund, Geo. F., Should Senators be Elected by the People? *Forum,* vol. 18, pp. 270–278.

Root, Elihu, Speech before New York Legislature, 1909.

Congressional Record — Speeches:—

Chandler, Wm. E., *Congressional Rec.,* pt. 4, vol. 23, 3191–3201, vol. 23, pp. 1270–1.

Foraker, Jos. B., *Con. Rec.,* vol. 35, pt. 5, pp. 5205, 5208, 5209, vol. 35, pt. 7, pp. 6495 to 6594.

Hoar, George Frisbie, *Cong. Rec.,* vol. 25, pt. 1, pp. 101–110, 6797, vol. 35, pt. 3, pp. 2616–2618, vol. 35, pt. 5, 5204–5209, vol. 35, pt. 7, 6590–6593.

Reed, Thos. B., *Cong. Rec.,* vol. 26, pt. 8, p. 7777.

Spooner, John C., *Cong. Rec.,* vol. 35, pt. 5, pp. 5205–5208





ANNEXATION OF CUBA



XXI

ANNEXATION OF CUBA

The High School Debating League of Minnesota discussed the following: Resolved, That the United States should annex Cuba. In the first round the St. Charles defending the affirmative, won from Winona, Houston and Pine City High Schools. The same team defending the negative won the final debate against Le Sueur High School, the debate being held at the University of Minnesota under whose management the league is maintained.

FIRST AFFIRMATIVE,[1] EZRA ENGLEHART,
ST. CHARLES HIGH SCHOOL, 1910.

This has been a question for the American people since we were organized as a nation. Thomas Jefferson, John Quincy Adams, Henry Clay, Edward Everett, and many more discussed it. The question names no time for annexation. We shall not conquer nor coerce Cuba, but persuade her it is for her best interests. This issue is forced upon us and whether we like the situation or not we are under obligations to see that a stable government is maintained. The sole cause that has unified any territories has been economic necessity. This made England England, France France, Russia Russia. When economic conditions make it

[1] The report of this debate was prepared by superintendent M. D. Aygarn, St. Charles, Minnesota.

necessary for a union of people no resistance can prevent it. Necessity knows no law but itself; law is even an expression of necessity. When it became necessary for the United States to possess the mouth of the Mississippi River, Louisiana was purchased; when economic and political conditions made it necessary, we acquired Florida. We need Cuba; she needs us, for strategic reasons,— commercial, political, naval. We are responsible to the world for sanitary conditions in the Panama canal. In Havana yellow fever is the scourge. In 1897 the death rate was seventy-three in each thousand. During the first year of American possession the death rate fell to sixteen in each thousand. In October, the month of greatest prevalence there was not a single case. This is the result of American occupation. This disease is peculiar to Cuba; it has placed a blockade on our southern ports, with a loss measured by millions of dollars. We of the north are not wholly safe from the scourge. With American occupation of forts, sanitary control, control of Cuba's foreign affairs, control of Cuba's revenues as provided by Platt Amendment — where is the Independence of Cuba. But who thinks of abrogating the Platt Amendment. This means a continuance of our protectorate. And what is the history of protectorates? Show an instance in history where it has been satisfying to the protected, to the protecting power, or to the world at large?

Cuban Independence is a myth. It may have been independent when discovered by Columbus — for then the inhabitants had no wants not easily supplied by the island.

But civilization set foot upon the island, found a necessity for an interchange of products and this destroyed forever the possibility of any independence. Show an instance where any people economically and commercially dependent have succeeded in maintaining political independence. All the oppression of tyrannical Spain could not drive Cuba to independence — only to anarchy. Twenty years of rebellion could not secure independence because Cuba was economically dependent. Intervention by American government removed the Spanish yoke but not dependence. The Teller resolution expressed American sentiment but failed to produce independence. Platt Amendment provided for not independence but dependence, and holds all Cubans to-day in bondage to the American government, and the Platt Amendment remains only protection against spoliation by other powers.— Let us join this country with ours and we shall see the grandest development of the human race known to history.

SECOND AFFIRMATIVE, GEORGE W. N. KEIFER,
ST. CHARLES HIGH SCHOOL, '09.

This question has been discussed by the law-making bodies of England and Germany and they have approved annexation on the ground of absolute necessity to the Cubans and to the world. All business interests see the necessity of a well directed government which secures confidence and supplies the wants of an industrious people. The mere expense of the late rebellion to commercial, industrial and educational interests of the Island

was more than eight million dollars. Annex Cuba and life will be protected, property secured and society established. As soon as we left the island there was manifestation of an uprising. They are sequestered from the rest of the world; many are unfed, stunted in mind, body, and soul; thus inadequately nurtured they are degenerate, governed by oriental instincts. Forty thousand rifles and large quantities of arms and ammunition were hidden away, to be used at first opportunity. Property holders — great and small, maintain Cuba is safe politically and economically if it is under the guidance of the United States. We challenge the opposition to show a single instance in history where a great nation has prepared another for independence. England, Germany, and the United States solemnly guaranteed independence to the Samoan Islands; but rebellion made annexation finally necessary. Physical necessity, primary and secondary wants, united the nations of Europe, united Louisiana, Texas, and California to the United States. There should be no more objection to the annexation of Cuba than of Hawaii or Louisiana. It is a necessity; when this is recognized, our pledge to the world will be fulfilled, and life, property and happiness be secured for Cuba.

The industrial world would have a clear and mutual gain by annexation. We consume a million dollars worth of sugar a day; of this only twenty one and three-tenths per cent is of home production. More than three-fourths is imported, or $270,000,000. Consumption of sugar is increasing. Cuba has quantities of sugar and its wilderness is only waiting protection in government when they



will send us sugar for our manufactured goods. But it is not possible to give Cuba advantages because of the "most favored nation" clause. This inability to exchange with us, value for value, leads to poverty, want, crime, disease, wretchedness and discontent. Even the "yellow scourge" returned to threaten the whole commercial world. If you should deprive Minnesota of the right of exchange our wretchedness would blight the nation. We plead for Cuba, for America, for humanity: give us the freedom of exchange for which our fathers fought, without which a people can never live as a progressive people.

THIRD AFFIRMATIVE, FRED WARBER,
ST. CHARLES HIGH SCHOOL, '10.

The judgment of General Grant and other great generals demands that the whole island be under our control for military strategy. The negative has failed to show how this would be any more dangerous to the Cubans than Fort Sheridan is to the people of Chicago, or Fort Snelling is to the people of Minnesota. They failed to show also that under the present protectorate the Cubans have a freedom or even a protection comparable with the conquered Boers. The present form of government will not afford a higher development of the mode of thinking, living, or striving. Was any protectorate ever anything but a failure? How long will we consent to go three to eight thousand miles for products which we can have at sixty miles? Is it possible for any people to exist, and

maintain a condition of progressive civilization without the freedom of exchange? Do Cubans or Americans have greater need of that freedom of exchange which annexation alone can give? Cuba is necessary to the United States, and the United States is necessary to Cuba — for strategic reasons, for mental and moral growth, and for an outlet for products. We need an outlet for our iron and steel, for our books, and arts, and textiles; and if the Cubans are ever to become a progressive people they need these products. And we are dependent upon them for supplies of certain forest products.

The Teller resolution, the Platt Amendment, the constitution of Cuba make us morally responsible, not only to Cuba, but to the world. Sentimental objections to annexation arise because of ignorance of actual needs of the people, and the nature of our pledges. Shall we learn the lesson now or wait until generations of suffering shall make our name a curse in the island? Cuba needs but one thing: we can give the one thing needed. Cuba has suffered, will continue to suffer for want of freedom. That freedom she can get only through American citizenship, which will come through annexation.

FIRST NEGATIVE, EZRA ENGLEHART,
ST. CHARLES HIGH SCHOOL, '10.

The Cubans have answered this question in the negative. They differ from us in law, language, customs, and traditions. See the failure of the Filipinos and Porto Ricans without representation: shut out from the

freedom of commerce their home industries are paralyzed. Without freedom there is no hope. On the other hand the Cubans have their independence, a growing industrial system, a rapid increase in wealth, a growing foreign trade and commercial spirit. The world looked askance at our intervention until we gave our pledges that the government and control of the island should be left to the people. If we should annex Cuba the world would rightly doubt our sincerity. Cuba is opposed to annexation. We must not coerce her. To show that annexation is necessary the affirmative must show that conditions now are different than at the time of the treaty of Paris.

Magazine and newspaper articles, evidently inspired by Wall Street show that annexation would be a boundless charity for Cuba. Note the present conditions: a larger per cent of school children are educated in Cuba than in Porto Rico, or the Philippines. The Porto Rican and Philippine delegations are begging Congress for tariff concessions as favorable as those enjoyed under Spanish rule, while Cuba can make reciprocal treaties with any nation. The cause of the Cuban rebellion was that the people saw themselves made fools of by a president elected by fraudulent means, and public patronage, and military force to carry out his own gain. This was not an indication that the people could not govern themselves.

By annexation the American people would sustain heavy loss. Colonial expansion England is facing most serious problem of unemployed and pauper class. One out of every forty-four a pauper. Germany, also a colo-

nial nation, is a close second. Have our recent acquisitions shortened our bread line? Rome, Carthage, Greece, acquiring territory and governing alien people weakened and fell. Cuba has demonstrated that freedom is the one condition necessary to the highest development of national life.

SECOND NEGATIVE, G. W. N. KEIFER
ST. CHARLES HIGH SCHOOL, '09.

Roosevelt, Taft, and Governor Magoon have complimented Cuban people on their progress. Internal improvements are remarkable in extent. In 1907 Governor Magoon reported the annual yield of sugar 1,150,000 tons, and the average rapidly increasing. There was also a large increase in tobacco, bananas, pine apples, oranges, and other fruits, and vegetables. New coffee industries, iron, railroad, construction, mills and manufacturies were rapidly increasing. In 1907 the customs receipts were one and a third million dollars more than in 1906: the treasury receipts $48,000 and the postoffice receipts $58,000 more. The national treasury showed a corresponding balance. Cuba must be left alone to develop her own resources. The affirmative must show that annexation will improve present conditions, that annexation would not result disastrously to Cubans. Let the affirmative show how annexed Porto Rico and the Philippines can compare with independent Cuba.

Outside of a few schemers Americans do not want annexation. There is now such an influx of foreigners as



to tax our ability to assimilate and Americanize them. We have a Negro problem, Italian problem, Hungarian problem, Filipino problem, Japanese problem, let us not add a Cuban problem. In a few years our own sugar supply will meet our consumption. In 1888 we raised 560 tons, in 1908, 500,000 tons. Annexation would cripple both the sugar and tobacco industry of the United States. Commercial fruit culture promises much for future wealth of our people. Profitable stony land of New England, rich bottom lands of Louisiana, irrigated plains of the west, and sunny California, all this is part of nation's wealth in fruit culture. Annex Cuba and tens of thousands will be thrown out of employment. For increased trade development we do not need to annex Cuba: turn to South America where we have friendly relations but where we secure less than one third of the foreign trade.

THIRD NEGATIVE, FRED WARBER,
ST. CHARLES HIGH SCHOOL, '10.

The affirmative must show that annexation is a military necessity, an economic necessity, an industrial necessity. Now Cuba is protected by the United States and by the unwritten law of nations. If we annex her we must defend her seventeen hundred miles of sea coast, which would necessitate a greatly increased navy. Already our navy is a great burden: in 1910 it will cost us $238,000,000. The additional cost will be not for defending our homes, or our trade, but for holding in subjection an un-

willing and alien people. Do we want to spend money in so ignoble a cause?

And must the pledge of eighty million people go for nothing? Shall we place ourselves in the long list of nations infamous for the disregard of their solemn vows?

Cuba must struggle for herself, and learn the road to freedom. Did Egypt or Judea enjoy the better national life? Which contributed to the world's thought and life? Greece has two histories, wholly distinct: first Greece the noble, glorious, hardly bigger than New England: the world-arising Greece fell apart when her slave-master died. Little Holland has earned her independence through centuries of struggle; Belgium, said to be the richest per capita of all nations, is safer to-day than England; Denmark, insignificant in size, furnishes heads to wear about all the crowns of Europe: and little Switzerland has never once found it necessary to deprive a weaker nation of dearly bought independence.

It has not been denied that the United States made a solemn promise to Cuba, to Germany, England, France and the world. Have we been released? Have conditions changed?

Why does no political party demand annexation? We have shown that Cuba has made great progress. Have Porto Rico and Hawaii done so well? Shall we reduce the Cubans to the level of these islanders? To bring about annexation we must use force: the Cubans don't want it. They have made great progress: leave them alone.

REFERENCES.

AFFIRMATIVE MAINLY.

America's Duty to Cuba, *Outlook*, 84: 304–6.

Another Chance for Cuba, G. M. P. Murphy, *Harper's Weekly*, 52: 15.

Can Cubans Govern Cuba? (against independence), E. Wood, *Forum*, 32: 66–73.

Cuba, Spain, and the United States, C. Benoist, *Chautauquan*, 25: 384–8.

Our Cuban Policy, *Independent*, 62: 919–928.

Our Duty to Cuba, H. C. Lodge, *Forum*, 21: 278–287.

Our Honor and Cuba's Need, M. Wilcox, *Forum*, 32: 623–628.

Our Legacy to the Cuban Republic, A. G. Robinson, *Forum*, 33: 450–458.

Rescuing Cuba from Europe, F. W. Shepardson, *World To-Day*, 11: 1197–1199.

Cuban Republic on Trial, A. Brownell, *Review of Reviews*, 34: 424–30.

Future in Cuba, W. O. Inglis, *North American Review*, 183: 1037–1040.

Result in Cuba, A. G. Robinson, *Independent*, 53: 1469–1470.

What Shall be Done About Cuba? M. W. Hazeltine, *North American Review*, 163: 731–742.

Why We Need Cuba, T. Jordan, *Forum*, 11: 559–567.

NEGATIVE MAINLY.

Solution of the Cuban Problem, O. H. Platt, *World's Work*, 2: 729–735.

Independence of Cuba, F. D. Pavey, *North American Review*, 172: 403–415.

Annexation of Cuba, J. W. Foster, *Independent*, 61: 965–968.

United States and Cuba, *Review of Reviews*, 15: 197.

Pacification of Cuba, O. H. Platt, *Independent*, 53: 1464–1468.

After Intervention — What? *Nation*, 66: 199.

American Imperialism, B. Martin, Jr., *19th Century*, 48: 393–406.

Cuban Independence, J. W. Chadwick, *Outlook*, 67: 742.

How the Cuban Problem Might be Solved, J. H. Parker, *Review of Reviews*, 37: 65–70.

Imperialism; Cuba and the Philippines, S: C. Parks, *Arena*, 25: 577–587.

Our Intervention in Cuba, *Harper's Weekly*, 50: 1450–1451.

Shall Cuba be Free? *Forum*, 20: 50–65.

Shall We Meddle With Cuba? R. Hughes, *Harper's Weekly*, 50: 1277–1278.

BOOKS ABOUT CUBA.

Currier, C. W., *Cuba: What Shall We Do with It?* 5c. Gallery.

Draper, A. S., *Rescue of Cuba.* $1. Silver.

Fisher, H. N., *Principles of Colonial Government Adapted to the Present Needs of Cuba and Porto Rico, and of the Philippine Islands.* 20c; 35c. Page.

Holst, H. E., von, *Annexation of Our Spanish Conquests.* No price. National Association of Merchants and Travellers, Chicago.

Willoughby, W. F., *Territories and Dependencies of the United States.*

New Constitutional Laws for Cuba. 1897.

Rea, *Facts and Fakes about Cuba.*

Brooke, Civil Report of Cuba. 1899.

Robinson, *Cuban Situation*, 1899.

Dumont, Report on Cuba. 1903.

Robinson, A. G. *Cuba and the Intervention.*

Hall, A. D., *Cuba and our New Possessions.* Street.

Browne, G. W., *New America and the Far East* (v. 6, Cuba).

Lindsay, C. H. *American Insular Possessions*, 2v. 1906.



SHIP SUBSIDIES



XXII

SHIP SUBSIDIES

The debate between Bowdoin College and the University of Vermont was on the ship subsidy question as stated below, the affirmative being maintained by Bowdoin, while Vermont defended the negative. The decision of the judges was for the negative. Resolved, That the Federal Government should grant financial aid to ships engaged in our foreign trade and owned by citizens of the United States.

FIRST AFFIRMATIVE, JASPER JACOB STAHL,[1] BOWDOIN.

Ninety per cent of the foreign commerce of the United States is now carried in foreign bottoms. To this decadent condition of our marine, American statesmen have been keenly alive. President McKinley in that last memorable speech at Buffalo advocated as a crying need of the times, "direct commercial lines from our vast fields of consumption." A merchant marine commission was formed in 1905, which found that the American people demanded the rehabilitation of our merchant marine.

The earliest policy of our government toward its shipping was one of protection, but in 1828 all nations were given an equal chance. Our commerce flourished down to 1855 when we carried seventy-five per cent of our foreign trade with registered tonnage of 2,500,000 tons.

[1] This synopsis of the Bowdoin debate was prepared by R. O. Brewster.

Then came the Civil War with killing effects on our marine and the tariff necessary for meeting our great war debt became so high on iron that we could not use it for building purposes as cheaply as other countries. Since the close of the war the decline has been steady, dropping from thirty-two per cent of our foreign trade in 1866 to ten per cent in 1907. During this time nothing has been done for American shipping except the passage of the mail act of 1891, which grants subventions to four mail lines.

In view of existing conditions the negative has conceded that it is desirable to increase our merchant marine. The affirmative maintain that any monetary assistance (other than a reasonable amount for transporting mails) granted by United States laws is financial aid within the meaning of the proposition, and such aid should be granted ships eligible for American registry under existing statutes. We shall show on grounds of economic progress and national safety that increase in our marine is a necessity. Secondly, to meet the terms of this necessity our marine should be large enough to become an actual factor in the commerce of the world, to handle approximately forty per cent of our trade, and should be American manned, built and owned. The necessity of such a marine established, we shall demonstrate thirdly, that the cost of operating American ships with American quarters, wages, and food, is excessive and we propose, as the most effective method of equalizing this advantage of foreigners, a system of subventions.

I shall first establish the need of a marine on grounds

of industrial progress and national safety. Secretary Leslie Shaw and Senator Depew have both recently emphasized the necessity of our finding and controlling foreign markets for the disposal of our surplus manufactured products. Yet in the face of this necessity our markets are not our own. Should Germany and Great Britain go to war, seventy-five per cent of our products carried in British and German ships, would be driven from the sea. In the British-Boer war the withdrawal of English freighters from our trade in three months cost our manufacturers $30,000,000. (Report M. M. Commission, 1906.) Further, the ships now used in our indirect trade are the slow, uneconomical cast-offs of European services. (Rep. M. M. C., 1906, P. 3.) The testimony of Chicago and Milwaukee merchants before the commission shows the result of such service: "We find it hard to get into South American markets and harder still to stay there. We can never depend on the sailing of English and German steamers, and there is much breakage as well as miscarriage of American goods." Meantime, in South America since 1903 Germany with a marine of her own has been building up her trade at an increase of $14,000,000 a year,—one and one-half faster than our own. In Brazil alone in 1902 her export trade was $900,000 less than ours; in 1906 it doubled ours. (Statesmen's Year Book.)

In the second place as a resource of defense, says Jefferson, "our navigation will admit neither forbearance nor negligence." Ten years ago at the close of a war with a third rate naval power, Admiral Sampson

reported to the Navy Department that "we had completely exhausted our auxiliary resources." "In this same war," says Secretary Bonaparte (Report, 1907, P. 430) "it was impossible to adequately supply the demand for men." A few months ago the battleship Oregon was dismantled that her crew might man newer ships, and at this moment 130,000 tons of United States armor-clads are lying out of commission unable to strike a blow in our defense because we have no men to man them. (World's Almanac, 1908.) The battleship fleet on its tour of the world is accompanied by twenty-eight foreign colliers. Concerning this, Admiral Cowles, Chief of the Equipment Bureaus said in this month's report: "Had foreign complications arisen our fleet would have been left lying helpless in some foreign ports."

According to Admiral Dewey and the Army War College in special reports in 1905, two hundred and sixty-eight auxiliaries are necessary for the fighting fleet, and the army demands a steam sea-going marine two and one-half times its present size. From these points arises the necessity of a merchant marine;—to make our markets our own; to place us on a competing basis with foreign ships in time of peace; to give us a naval reserve in war; and to enable our army and navy to strike that first blow so very and increasingly important.

How large shall this marine be? A marine four times as large as the present carrying two-fifths of our trade,—would connect us with all parts of the world, and so place us on a competing basis with foreigners, and ac-

cording to Dewey and the Army War College it would give us the needed auxiliaries in time of war.

What kind of a marine shall this be? First, American manned, else we have no reserves in time of war; secondly, they must be American owned or they cannot be used as auxiliaries; and thirdly, they must be American built, as a consistent part of our protective policy for the last half century and the declared policy for the next four years, and also to keep up our ship-building industry. There are forty-four private ship-building plants on our coasts, and in the last three years only nineteen have reported work, and only 50,000 tons were constructed for deep-sea trade. (Rep't Com. of Nav., 1905–6–7; and Nav. Rep't, 1907, P. 15.) "Under these conditions," says Mr. Theodore Justice in the Philadelphia Press, Feb. 5, 1905, "the building of the deep-sea freighter will become a lost art and the large yards with special equipments for this type of ships will rust into scrap iron, and when the hurried preparations of war become a necessity, the navy yards will be the only resort, and these must by their smallness in number and isolation prove inadequate."

Thus we want a marine to spread our trade in peace and to defend our flag in war. This marine should be American built, manned, and owned. The situation the negative must face is this: Congress through statute enactment compels us to hire American officers and has made operating expenses the highest in the world. If we are to increase our marine — which they admit is de-

sirable — this excessive cost of operation must be overcome. From the very first they must show a plan other than a plan of financial aid that will be more speedy and more expedient than a plan of subventions. They must abandon from the outset the plan of free-trade as impractical, for we are here seeking an immediate solution and as Secretary of State Root stated, "We cannot repeal the protective tariff; no political party dreams of repealing it;" and the policy was reconfirmed by the people four months ago.

SECOND AFFIRMATIVE, R. O. BREWSTER, BOWDOIN.

Comparisons with other countries seem almost useless since the conditions are so utterly different, yet we believe others' experiences would advise bounties. Germany and England have never within the past century given general bounties to shipping, since the internal conditions were so favorable to shipping that none were needed. The heart of the whole matter is the higher wage cost in the United States as compared with Germany and Great Britain, and the tariff is the only changeable matter vitally affecting this. Coming to countries that have tried direct general subsidies we find that France, after a failure with discriminating duties and free ships and decline of her marine, has under general bounties and protected ships doubled her shipping in the past twenty years. This increase was effected under the following unfavorable conditions, which we believe do not exist in the United States: Three large concerns

combined to monopolize ship-building and ate up most of the subsidies — in the United States there are forty-four large ship-building plants; second — the subsidies were graded by inefficiency since they gave larger subsidies to sailing vessels and graded them by distance traveled; third — the French workman is not as efficient as ours and coal is much higher. (History of Shipping Subsidies, Royal Meeker.) Japan under direct subsidies for home built ships has more than trebled her marine in twelve years, and is about to extend the system of bounties. Russia with general bounties has doubled her marine in twelve years; Italy has increased hers by 200,000 tons; and Austria has doubled her shipping. (Rep't of Mer. Mar. Com., Vol. III.) So much for the experience of foreign nations with subsidies.

Free ships will lower somewhat the cost of the ships ready for use, but it will destroy our ship-building industry or rather transfer it to England, whereas a wholesale output of ships in this country would soon lower their cost of production as it has in other manufactured articles. But free ships can in the final event never affect our cost of operation and this is an insurmountable obstacle for ship-owners. (Mer. Mar. Com. Rep't.)

Discriminating duties would seem to be a possible solution for the affirmative as they are certainly financial aid to the ship-owner, but we do not adopt them because their adjustment to the distance traveled is impracticable or cumbersome and they would be ineffective since forty-seven per cent of our imports on the Pacific coast are already on the free list. (No. Am. Review, 182; 448.)

General subsidies with mail subventions seems to us the wisest method of aiding our shipping as it will be direct and so can be adjusted accurately to meet varying needs. We would grant subventions to five mail lines to South America and South Africa, at a maximum cost through competitive bidding of $2,000,000, as estimated by the House Committee on Merchant Marine. This will give us direct, reliable lines for our merchants and thirty fast mail steamers instantly available as converted cruisers in war. We will also offer five dollars a ton a year to all freighters, American manned, built, and owned, engaged in our foreign trade. This it is believed by the House Committee on Merchant Marine will overcome the present difference in cost of building and operation of American ships, and will give enough added incentive to Americans to enter into competition with foreigners. Below is a table of the comparative expenses in Japan and United States 10,000 ton freighter:

UNITED STATES.

Cost	$1,000,000
5 per cent interest	50,000
50 men @ $35 per mo.	21,000
5 officers @ $100 per mo.	6,000
Board	7,000
Cost of operation	$84,000
$5 per ton	50,000
Net cost of operation	$34,000

JAPAN.

Cost with gov't subsidy	$500,000
5 per cent interest	25,000
50 men @ $10 per mo.	6,000
5 officers @ $20 per mo.	1,200
Board	2,000
Cost of operation	$34,200

The plan can easily be altered if it is found too large or small, and has the great advantage of directness and simplicity. Estimated on the desired ultimate increase to 1,500,000 tons to handle forty per cent of our shipping, this scheme in ten years would cost approximately $40,000,000, according to the estimates of the Merchant Marine committee of the House. This with the mail subventions would make a total of $60,000,000 for ten years, and at the end of that time we should have 1,500,000 tons of sea-going auxiliary freighters; thirty fast cruisers as convertibles; ten thousand sailors in constant readiness as a naval reserve; and a quick reliable mail service to all parts of the world. We believe that a radical increase in the marine is desirable on commercial grounds and necessary on naval grounds; and that this plan is the best way to secure it.

THIRD AFFIRMATIVE, HARRISON ATWOOD, BOWDOIN.

The affirmative have pointed out the necessity of a merchant marine: have presented in detail their subsidy plan and explained how it will secure that marine, and

it is my duty to justify the expense entailed in that plan. The total cost of the plan is sixty million dollars — twenty million of which is for the subvention of five lines of mail steamers or two million a year. There is always a surplus from the ocean mail division of the postal service amounting last year to three million dollars. (Sen. Doc., 225.) That surplus, states the Merchant Marine Committee, comes entirely from rendering slow and inefficient service. We propose to take $2,000,000 of that $3,000,000 surplus to establish these mail lines, and how can its justification be denied, since it gives us, besides good passenger and mail service, enlarged markets for our producers and merchants — the people who are paying the postage from which the surplus arises.

Besides this $2,000,000 a year to mail lines we shall give $4,000,000 a year in general cargo subventions, and we believe the whole $6,000,000 a year is justified by the commercial advantage to the whole United States and the military necessities. Under our plan our marine must either increase or it costs us not one cent. But if it increases as seems likely, we shall take from foreigners one-third of their carrying trade and win $50,000,000 back into the pockets of the people of the United States every year, for the ship-owner must pay all the money back to the people in wages for his crews of ten thousand additional seamen, food, lumber, and steel for the ships; thirty thousand additional men in the ship-yards, and so give employment to thousands of American laborers who will be engaged to hew the timber, to mine and prepare the metal, to shape the ships, and to manufacture all

their supplies. It will benefit the people; and is it policy, I ask you, for this nation to refuse to spend $6,000,000 a year on that thing which will enable its people to earn $50,000,000 a year?

And this increased marine will enable us to increase our foreign commerce. Our trade with Brazil decreased $5,000,000 from 1896–1904, while Germany was doubling hers. That trade is going to foreigners because the masters of ships and the steamship agents are all foreigners. As soon as our trade is carried in American vessels, with American officers and American selling agents, all these become drummers of American trade and our commerce must inevitably increase with all its ramifications through the length and breadth of the land. Read the testimony before the Merchant Marine Commission and you will see how true it is that trade follows the flag. In addition to carrying forty per cent of our trade we shall at all times be independent of foreign shipping combinations that have in the past forced on us extortionate freight rates and be at all times enabled to settle the rate on the lowest competitive basis. Instead of being extravagant is it not rather economy in dollars and cents to spend this $6,000,000 a year, in order to win back this $50,000,000 carrying trade; increase our markets; and make ourselves independent of foreign carriers?

But these industrial advantages are of slight importance compared with the absolute necessity of the marine as a supplement to our navy. That admirable navy is next to useless in distant waters. Sufficient American ships are not in existence to properly supply it with coal, and

provision, hospital, and scout ships. The lack of a marine renders our army equally useless in a foreign war, for, as the Secretary of War points out in his report to the Merchant Marine Commission in December, 1905, "only thirty-six auxiliaries could be secured at the time of the Spanish War, and the fleet which took our troops to Cuba could not have withstood a storm; had no facilities for cooking; sanitary arrangements were crude and insufficient; there was no ventilation, and in short there was nothing except its safe arrival to justify its departure! Our experience in this comparatively slight crisis ought to awake every American citizen to the fact of how utterly helpless would be our condition in a war further removed, and with a more powerful enemy. We are now spending $100,000,000 a year on a navy. Having that navy, is it policy, is it common sense, for us to refuse to spend $6,000,000 a year on the only thing that can make that navy effective — a merchant marine?

Far from arguing that this expense would be needlessly extravagant; can we as true Americans do anything other than argue that to refuse to make this outlay is not only bad business economy, but absolutely disregards the very safety of the nation, the value of which we cannot estimate in dollars and cents.

FIRST AFFIRMATIVE REBUTTAL.

Our opponents have adopted discriminating duties as their solution and will have us believe that the United States is not thus granting financial aid to ship-owners.

Can we draw any distinction between the government taking ten dollars into one pocket and paying ten dollars out of another pocket, or simply declining to take or pay any money? Is the position of the government any different at the end of both transactions? Or is the ship-owner not receiving as much aid if he is simply not taxed ten dollars, as he would if he were taxed ten dollars and then given ten dollars by the government? Is his benefit any less at the end of both transactions? The only virtue of the discriminating duties seems to be that they are rather vague and indefinite — excessive on some cargoes and futile on others. W. E. Humphreys of the House Commission on Merchant Marine, states (No. Am. Review, March '06) that a majority of the commission at first believed in discriminating duties, but they soon abandoned them. At Puget Sound they found that a ten per cent discrimination would give about seventy dollars a trip to the monster steamships across the Pacific. Let our opponents show the authority and the experience of other nations that will justify their preference for discriminating duties over direct subsidies. The latter are no more un-American than the railroad grants of the sixties and no one now denies the benefits of those subsidies.

SECOND AFFIRMATIVE REBUTTAL.

Those who point to our national deficit of last year and to the fast increasing one of the current year, and argue that the United States at present cannot afford to

spend $6,000,000 a year on a merchant marine, are taking far too narrow a view. Can the United States allow $60,000,000 to block its consistent development as a world power? What if the nation went into debt $60,000,000? We would be able to stand it. Our national debt is only two and one-half billion, whereas England is three and one-half billion and France five and one-half billion. Would anyone desire to reverse the policy which subsidized the railroads to the Pacific coast though they plunged the nation into debt? Their value to the nation is beyond our power to estimate, and is not the subsidiation of a marine a parallel investment? Are we going to balk at $60,000,000 for a merchant marine, when we are going in debt to the tune of $300,000,000 for the Panama canal for the use of other nations? Evidently the nation can finance the affirmative proposition and I have tried to show it is justified in order to carry out the consistent development of our nation.

THIRD AFFIRMATIVE REBUTTAL.

Discriminating duties must certainly be deemed financial aid within the meaning of the proposition as it distinctly does not state whether the aid is to be direct or indirect, but waiving that such a method can never be effective for "ninety-eight per cent of our imports from Brazil are on the free list: ninety-six per cent of those from Chili: eighty-one per cent from Columbia: eighty per cent from Paraguay: ninety-four per cent from Central America: sixty-four per cent from Japan: fifty per

cent from China; and sixty-nine from India." (Chairman Mer. Mar. Com. in Senate Feb. 21, 1905.) The Trans-Atlantic liners carrying large numbers of small bundles would be the only gainers. How, we ask, will the government ever effectively adjust such a scheme to the needs of the shipping and proportionate to the distance traveled?

Instead of wasting time on an impossibility we ask you to try a plan with all the prestige of the authority of such men as McKinley, Root, Taft, and Dallinger, behind it, and one that seems the most expedient method since it is the logical development of our protective system to which we are pledged for four more years.

Secondly, subventions are most direct and cheapest for, as G. Armitage Smith, the British authority, said, "the method of direct subvention experience has proved to be cheapest. The vast machinery called into existence by an indirect method greatly increases the expense." In addition the specific case of the affirmative obviates the expense proving permanent, for the second speaker showed on unrefuted authority that ships could be built as cheaply on the Great Lakes as by Britain on the Clyde, and the cost of operating will gradually be equalized as the tendency is shown to-day by a recent act of Parliament, making the scale of living on English and American ships identical. In addition our plan costs not a cent unless it succeeds, for no subsidy is paid until a ship has been in operation a year.

Thirdly, subventions are right on precedent and principle, for in the past fifty years Congress has passed

ninety-five acts in aid of railroads; has given $70,000,000 in cash and 200,000,000 acres of the public lands. Its return has been the stupendous development of the great west. The keynote of the present is no longer domestic development, but commercial expansion. In view of this because subventions are the most expedient and practical way of restoring our marine; because it is a logical extension of the policy in which this nation is grounded; because it is economically right; because it is right on principle and precedent we advocate the expenditure of $6,000,000 per year for ten years for the development of a marine large enough to insure us a naval reserve of ten thousand men and thirty swift auxiliary cruisers; large enough to carry our goods to the open and opening markets of the world in time of peace; and strong enough to coöperate with our army and navy to give us adequate defense in time of war.

FIRST NEGATIVE, E. S. ABBOT,
UNIVERSITY OF VERMONT, 1909.[1]

The interests of the negative side are identical with those of the affirmative in the matter of building up our merchant marine. We desire New England to excel in ship owning and ship building. But we maintain that ship subsidy legislation would not accomplish this object, that it would not remove the economic causes which are at the foundation of the decline in American shipping, and that there are other remedies which would accomplish

[1] The synopsis of this debate was prepared by George S. Harris

the desired result without exposing us to the dangers that have always attended the giving of bounties. In reaching a solution of a question like this we can be guided only by the experience of the world in such matters, and by such economic principles as have become known. The negative proposes to show first of all that the experience of the world does not warrant our enactment of a general subsidy bill or of a law giving excessive mail subventions.

First, England's merchant marine has grown to its present size without such bounties. To be sure, England has paid out from four to six million dollars annually for many years, but in every case it has been for specific service rendered or for loss incurred. For instance, in case of mail ships they are compelled to maintain a higher rate of speed than would be needed for commercial purposes, which necessitates an enormous increase in coal bill, they must leave port whether they have a cargo or not. It is only right that they should be paid by the government for such sacrifices, but this is not a bounty. Take away the restrictions and the subventions and these ships would pay a larger dividend than they do now. The West India and Pacific, unsubsidized, vs. the Royal mail, subsidized is an instance of this.

The English do not consider that they are granting subsidies. The expense is included in the postal department, moreover these contracts are open to the competition of the world and have been awarded to American and German lines. To obtain a right idea of England's point of view the history of the Peninsular and Oriental

line which has received two-thirds of all England's subventions should be studied to reveal the fact that time and time again the contract was withdrawn when another line would do it cheaper, or when service was better elsewhere, and that at those times when the line was rid of government restrictions it actually paid larger dividends than when it had the subvention.

England does not grant subventions to five per cent of her commerce. Nearly all the world's commerce is carried on by the tramp ship, which does not and never has received a penny from the government. Does it stand to reason that subsidizing five ships out of a hundred will insure prosperity to the other ninety-five. If so, why do all the bills introduced into the American Congress call for a general subsidy to be granted to all ships? If so, why does the Merchant Marine Commission call for a general subsidy? If so, why has France seen fit to give a general subsidy?

But the significant thing in the case of England is that a great number of her most important lines have never received any subvention. But, you will say there must be reasons for England's growth in merchant marine. There are, the best in the world. They are natural causes: England has pursued a free ship policy, she has bought in the cheapest market; she has always had free ship building material and does not have to pay tribute to a steel trust to the tune of fifteen dollars a ton for what steel she uses. England has had free trade and consequently the prices of labor both in building and operating ships has been far lower than in America, and

free trade has assured her of return cargoes, failure to obtain which keeps many an American ship from the water; then England occupies an island position, and was forced to take to the sea to exist, and with her scattered colonies required means of communications, just as America has required and acquired railroads across the continent; England is small and densely populated and capital sought this outlet, and finally, for shutting out competition England's ace of trumps has been Lloyds, which with the control of marine insurance, has combined with the ship owners of England to shut out other nations from ship building. Thus through economic causes and lack of restriction to shipping, England has built up its marine.

Germany has never maintained a subsidy, only paying $1,800,000 a year to ships, and this for services rendered, and under just such restrictions as England has imposed. Her marine has increased enormously, and that without subsidy. Not a one of those elegant German ships entering our harbor to-day receives a cent of subsidy. Germany's growth has, like England's been due to economic reasons. Free ships are the chief cause of Germany's start, then free material, and low scale of wages, and the general awakening of the German people — these explain the growth of Germany's marine.

Let us acquaint you with the experience of France, which is a subsidizing nation. She began her policy in 1881, expecting that it would be necessary for only twelve years. Capital would not enter the business, and in the next ten years the tonnage of France increased only

20,000 tons. This increase was in useless ships brought back into service. Cost was $19,000,000, or $95,000 a ton for hulks of absolutely no commercial value. It was increased and made permanent in 1893. In 1896 France didn't have as much tonnage as she did ten years before, although Germany had increased one hundred and seven per cent, and England fifty-three per cent. In 1899 France's annual expenditure was $8,000,000 with a smaller increase in tonnage than any other European nation. In fact the increase was greater before subsidies than it has been since.

Surveying these three great nations' attitude and experience, we submit that subsidies have been proven failures throughout the world.

SECOND NEGATIVE, EUGENE H. CLOWSE,
UNIVERSITY OF VERMONT.

I propose to make clear to you that the experience of the United States does not warrant the enactment of subsidy legislation. The line established between New York and Rio Janeiro in 1865, given $150,000 a year by the government, and $100,000 by Brazil, advocated with all the impetuosity of the present day prompter resulted in a decrease of trade and the failure of the line and the withdrawal of the subsidy. Likewise the Pacific Mail Company's line to the Orient, receiving four hundred and fifty thousand dollars a year proved a failure. Moreover, the congressional investigation of the affair revealed such rottenness, that the whole policy was thrown



overboard by the American people, and the subsidy promoters disappeared. Even the Collins line, our first venture at subsidizing furnishes the strongest evidence against the practice. The money received was spent for everything but service, and the line ultimately went to pieces through carelessness and inefficiency bred by subvention for which no commensurate service was rendered. It's the same old story of the man who is getting something for nothing and his certain end. The dire results of this may be brought to mind by the million dollar graft of the Pacific Mail, the wholesale degradation of senate concerning our western railroads, and even our postoffice and customs house officials. Subsidization does not accomplish its object, produces political and commercial corruption, but more than this, is wrong in principle, for whatever aid has been given in excess of value received has destroyed and must destroy individual enterprise and self-reliance. In proof of this may be cited the early history of the Cunard Line, and the policy of France, where ships are built not for wealth producing efficiency but for bounty earning efficiency.

Furthermore, if lines were established, the whole experience of the world explodes that antediluvian theory that trade necessarily follows the flag. The subsidy promoters assume that given a line, there will be business, when really the causation is the other way round; where there is sufficient business American merchants will see to it that there is a way provided to get their wares to market. If this theory were true we should not have a single English freighter carrying American goods, and

finally we have only to look in the mirror to prove that the nationality of the flag has nothing to do with the trade of a country. Without the American flag in foreign ports we have built the largest export trade of any nation on the globe. We gain more in a month than France does in a year.

Another aspect to be considered is this. A subsidy must be either temporary or permanent. Now we propose to show you that if it is only temporary it will be of no use and to make it permanent is impossible. A temporary subsidy would not be effective, for it does not attempt to remove any of the causes of the difficulty. It does not lower the cost of construction which can be done only by standardization, and that requires a long term of years and the building of thousands of ships. It does not lower the cost of operation. It simply makes the government pay what could be paid by the business if put upon the right basis. It does not affect the discrimination which foreign insurance companies, especially Lloyds, have made against the American ship. It does not do away with our obsolete and criminal navigation and inspection laws which must be complied with at an enormous expense before we can register under the American flag. So the result will be the same as in France, when such a law was enacted in 1881 to run for twelve years. French capital was longer sighted than French statesmanship, and simply refused to go chasing after a will-o'-the-wisp which they knew would vanish at the end of twelve years.

But if temporary measures are not enough, then, on



the other hand, it is impossible to make it permanent in the United States. American people, as proven again and again in history, will not stand for any hand-outs to a privileged class for any length of time. But the very cost, which our Merchant Marine has sugar coated in a way which would do credit to an Ananias club, calls for an expenditure of between five and six millions a year to subsidize what we have now, or enough to do eight per cent of our trade. To do a reasonable proportion, would cost us yearly the tidy little sum of sixty millions a year. But the main item of expense is yet to be mentioned, and that is retaliation on the part of foreign powers. We must subsidize to build and maintain, England would only have to subsidize to maintain, so we should continually be the losers in a game which would attain gigantic proportions. We therefore, submit that subsidies are neither efficient nor safe, that a temporary measure would avail nothing, and that to make it permanent is impossible under our form of government.

THIRD NEGATIVE, G. S. HARRIS,
UNIVERSITY OF VERMONT, 1909.

Now let us turn to the remedies which will prove efficacious. The subsidy question is a complex one and the remedy must not be sought in a single measure, but in many, touching the many causes of our merchant marine decline. First, then — discriminating duties in the indirect trade seem to furnish the only logical solution for the difference in the cost of operation between

the American ship and the foreign ship. Other countries would still have a right to bring their goods here and to take ours home, but they would not have a right to bring the goods of other countries in. This would affect the large bulk of our trade with Africa, South America, and the Orient, and would assure a return cargo for the American, which is so difficult to secure under high protective tariff, and which, evidence before the Marine Commission tends to show, would of itself be enough to enable our seamen to compete with the foreigners. It could easily be made effectual, for every ship as it entered the harbor could have its captain and owner certified.

Just as we found the cost of the subsidy would increase as it was successful, so we now find the cost of the discriminating duty would decrease as it is successful, for the more goods that can be carried in American bottoms, the less will be the tax expense for the people. Moreover, no retaliatory measures are possible, first because they are not called for, second because Europe has never manifested any inclination to retaliate, with the possible exception of Germany, and lastly, European countries could not retaliate because they rely upon us largely for the support of life. Most important argument of all in favor of the discriminating duty is the fact that it is in line with our policy, and more nearly right in principle than a direct hand-out. It leaves a man still free to fight his own battle, and does not impoverish his morality and mentality, by making him directly dependent upon the government. Our whole great manufactur-

ing prosperity has been built up by just such indirect aid and is of itself the strongest argument for a like treatment of our merchant marine.

If discriminating duties will remove the difference in cost of operating between the American ship and the foreign ship, free ships will remove the difference in first cost. There is no longer any justice in refusing to allow the American to buy his ships in the cheapest markets. The cry of protection rings falsely when there are no ships being built in this country to-day for the foreign trade. By allowing free ships, England got her start. When she could buy here cheaper than she could build, she bought; when Germany saw that England could produce ships cheaper than she could, she bought of England. The United States alone, of all the great nations of the world was not far sighted enough to see the outcome, which to-day cries aloud for remedy, a debilitated marine. No harm could possibly come to the ship builder because, as was just said, he is building no ships for the foreign trade. Indeed great good would come to him for he would still have the immense coast building business, and in addition would have the enormous repairs on the ships built abroad, and gradually, because, as has been proven again and again, ship owning stimulates ship building, he would have many to build.

Furthermore, if free ships were advisable, free materials are doubly so. We mean by free materials, the unconditional removal of tariff on all shipbuilding materials, this for the domestic as well as the foreign trade. There is no sign of justice in prohibiting a ship from the

coastwise trade just because she happens to have a few steel plates in her purchased abroad. No American can afford to build such a ship because he cannot tell when he may be forced into the foreign trade by commercial conditions in the coastwise. All this would not result in the purchase of imported materials, but in the purchase of the materials at home at a reasonable price, instead of at a great advance of what they are sold for abroad, as the evidence before the Merchant Marine Commission showed conclusively.

It will be remembered that the discrimination which Lloyd's has made against our ships is one of the important causes of our present condition. To remove this let us establish government insurance for ships engaged in foreign trade. Such a scheme would assure perfect safety at lower rates, because there would be no enormous capital upon which dividends must be paid. This will be no expense to the government,— indeed most European governments do engage in insurance, and we ourselves are about to establish postal savings banks. This would effectually more than overcome the discrimination which Lloyd's has made between the English and the American built ship.

Two more aids must be mentioned. One which is already in operation, the continuance of the law of 1891 — an intelligent and reasonable granting of mail subventions to various lines, these ships to be used in war time as cruisers, and in peace to promote the same and to foster trade.

Finally we argue for a revision of our navigation laws,

some of which work such a hardship upon the ship owner that they have testified, were it but for that alone, they could not afford to register under the American flag. These aids reasonably affect the causes of the decline in our foreign shipping interests, and provide for a steady and consistent growth. Subsidy has failed throughout the world, has failed in our own country, is wrong in principle, as a permanent policy is impossible, as a temporary measure is absolutely useless, and finally there are other remedies safer, surer, and more just to all, to the farmer for instance, which will effect the desired results. We therefore conclude that the Federal government should not grant financial aid to ships engaged in foreign trade and owned by citizens of the United States.

REFERENCES.

The Division of Bibliography, Library of Congress, has an exhaustive list of references under the title, "Mercantile Marine Subsidies."

Abbot, Willis J., *American Merchant Ships and Sailors.*

Allen, John H., *The Tariff and Its Evils,* pp. 84–110.

Bates, W. W., *An American Marine; American Navigation.*

Blue Book of American Shipping.

Calkins, C. G., *Our Merchant Marine* (in Proceedings U. S. Naval Inst., vol. 8; also, five other articles in same vol.).

Hill, C. S., *History of American Shipping, Its Decline and the Remedies.*

Marvin, W. L., *The Am. Merchant Marine.*

Farrar, Thos. H., *The State in Its Relation to Trade.*

Smith, R. M., *Statistics and Economics,* pp. 259–289.

Farquar, A. B. and Henry, *Economics and Industrial Delusions,* pp. 9, 81, 135, 231, 315, 344.

Hawes, Osborne, *Free Ships.*

Kelley, J. D. J., *The Question of Ships.*

Ginsburg, B. W., *British Shipping and Its Present Position.*

Maginnis, A. J., *The Atlantic Ferry, Its Ships, Men and Working.*

Meeker, Royal, *History of Ship Subsidies* (has a bibliography).

Preble, G. H., *A Chronological History of Origin of Steam Navigation* (statistical data on subsidies).

Schwab, G. H., *Shipping, Tariffs and Subsidies* (Tariff Reform, vol. 2, No. 20).

U. S. Industrial Commission Reports (subsidies discussed in vols. 1, 4, 7, 9, 14, 17, 19).

U. S. Treasury Dept. Bureau of Navigation (reports for 1900, 1901, 1902 have special discussion of subsidies).

U. S. Merchant Marine Commission, Senate Report, No. 2755, with recommendations of the commission and views of the minority.

U. S. Development of Am. Merchant Marine and Am. Commerce (Senate Document No. 141).

North Amer. Rev., vol. 99, p. 483; vol. 125, p. 544; vol. 132, pp. 467, 559; vol. 142, p. 478; vol. 146, p. 566; vol. 148, p. 687; vol. 150, p. 27; vol. 156, p. 398; vol. 158, pp. 277, 433; vol. 159, p. 424; vol. 160, p. 85; vol. 163, p. 470; vol. 166, p. 634; vol. 168, p. 240; vol. 172, p. 113; vol. 175, pp. 5, 829; vol. 177, p. 533; vol. 179, p. 238; vol. 180, p. 360.

Nation, vol. 10, p. 362; vol. 32, pp. 106, 129; vol. 63, p. 135; vol. 69, p. 104; vol. 70, pp. 4, 64, 123, 126; vol. 71, pp. 182, 269, 395, 442, 463, 482, 503; vol. 72, pp. 5, 389; vol. 73, p. 294; vol. 74, pp. 4, 166; vol. 76, p. 144; vol. 80, pp. 26, 45; vol. 81, pp. 312, 352.

Atlantic Monthly, vol. 47, p. 166; vol. 83, p. 585; vol. 85, p. 387.

Chautauquan, vol. 8, p. 404; vol. 32, p. 137.

Annals Am. Acad. of Pol. & Soc. Sci., vol. 4, p. 694; vol. 19, p. 46.

Journal of Pol. Econ, vol. 5, p. 1; vol. 9, p. 24.

Outlook, vol. 63, p. 758; vol. 65, pp. 139, 368; vol. 66, p. 966; vol. 67, pp. 98, 336, 387.

Pol. Sci. Quart., vol. 20, p. 594.



GOVERNMENT OWNERSHIP OF COAL MINES



XXIII

GOVERNMENT OWNERSHIP OF COAL MINES

Resolved, That the United States ought to own and control the coal mines of the country. The affirmative of the above question was sustained by Colgate University, the negative by the University of Rochester. The decision of the judges was for the affirmative.

FIRST AFFIRMATIVE, WALTER C. NEWCOMB, COLGATE.[1]

It is needless for me to trace the growth of our modern corporate industries. We know that they are here; we know that from small concerns they have become great corporations; that from great corporations they have become mighty monopolies; that these monopolies have eliminated competition and are now defying law and government. These changes, we maintain, are radical and call for radical changes in our governmental policy. This monopoly of corporate industries is characteristic of the coal industry.

There are three, and only three, ways of treating this coal monopoly, one of which the Government must adopt:

Shall we let the coal monopoly alone?

Shall we attempt to destroy the coal monopoly?

[1] The synopsis of these speeches was prepared by Walter C. Newcomb.

Shall we accept the coal monopoly as an accomplished fact and then seek to remedy its abuses?

I shall not discuss this first proposition, since it is so universally conceded by authorities that we must, by the very nature of monopoly, subject it to Government control.

The next question is, Shall we destroy the coal monopoly? Some authorities advocate this, believing that it would restore the competitive regime. But to destroy the trust in its present state of development is an utter impossibility. The monopolistic combinations of this country have come to stay. They are so interwoven in the industrial growth and economic progress of our systems, that it is folly to attempt to destroy them.

There are two ways by which we have attempted to destroy the trust,— state legislation, and federal legislation.

What has been the history of state legislation? Professor Jenks of Cornell says: "Twenty-seven states and territories have passed laws intended to destroy such industrial corporations as now exist and to prevent the formation of others. A study of these statutes and of the decisions of our courts, will show that they have had comparatively little, practically no effect, as regards the trend of our industrial growth."

What has been the history of federal legislation? Here the Federal Government has pursued two lines of action:

By means of Interstate Commerce Law, and by means of Sherman Anti-Trust Law.

The Interstate Commerce Law prohibits "Rebates" and "Discriminating Rates." But the law does not and cannot destroy the trust, for the trusts are now great and powerful. They used rebates and discriminating rates to attain to this power, and since they are established in power they can live perpetually without rebates and discriminating rates. This is proved by the fact that we have trusts to-day, yet the Interstate Commerce Law was passed in 1888.

The Sherman Anti-Trust Law reads, "Every contract or combination in the form of a trust . . . that is in restraint of trade . . . is illegal." What has been the effect of this law? Listen! John Moody, the greatest statistician in the country, in his "Truth About Trusts," says, on page 17, "Such laws as the Sherman Anti-Trust Acts prove little more than toys in the face of these monopolies, a fact which is proved by the experience of the past twenty years."

The best and, perhaps, most noted of all these cases,— The Northern Securities Case: The Great Northern and Northern Pacific Railroad, in order to eliminate competition, combined and formed the Northern Securities Company. This company was declared illegal and ordered to dissolve — and with what result? The director of the Northern Securities, who owned fifty shares of stock in that company, simply took twenty-five shares of Northern Pacific and put it in one pocket, twenty-five shares of Great Northern and put it in the other pocket. He remained director of both roads and yet was ordered

to make those roads compete. How absurd! No, we cannot establish competition, once eliminated.

We said there were three courses open to adoption, one of which we must pursue. I showed we cannot let the trust alone, nor can we destroy it. There is one way out. We must accept the monopoly as an accomplished fact and seek to remedy its abuses. My colleagues will show how this may be done.

SECOND AFFIRMATIVE, EDWARD W. RIMPO, COLGATE.

I. Case for state regulation.

Pennsylvania passed law in 1885, preventing coal-carrying roads from engaging in business of mining coal. At present nine of the most important railroads of the East engage in business of mining coal. Ex-Attorney-General (also ex-Secretary of State) Olney commented as follows in the *Arena:* "For many years they have defied the law of Pennsylvania, which forbids common carriers engaging in the business of mining. For years they have discriminated between customers in the freight charges on their railroads, in violation of the interstate law. For years they have unlawfully monopolized commerce, in violation of the Sherman Anti-Trust Law." Over twenty years of attempted regulation by the state has resulted in this. Attempts at state regulation remind one of the foolish Indian. Having had a grievance against a certain locomotive he decided to lasso it. He succeeded in lassoing it, but the locomotive got away with the Indian.

II. The case for federal regulation.

Federal regulation brings to bear a greater power; can it correct the abuses of the coal monopoly? Let us see what those abuses are. Take child labor. According to census of 1900, 25,000 boys under sixteen employed in and about mines and quarries of U. S. Spargo, in "Bitter Cry of the Children," says: "Thousands of breaker boys not more than nine or ten are working in the Pennsylvania mines every day." Child labor, easily evading the law, exists in the coal regions to-day.

Take strikes and lockouts. Says anthracite coal strike commission in its report: "In the absence of a conciliatory disposition the strife between capital and labor cannot be composed by laws and contrivances." This spirit at present is absent and no likelihood of its appearing in the immediate future. Such a condition of affairs means unsteady supply of coal. No strike this summer, but there might just as well have been as far as steadiness of supply is concerned. There was the friction that threatened a strike with its ensuing curtailment of supply.

Take the evil of waste. Roosevelt, in message for Feb. 13, '07, says we waste $1,000,000 a day in our mineral resources. Natural Conservation Commission, having studied problem, says: "Wasteful methods of mining and utilizing coal and minerals are estimated to throw away in some cases one-third of total output." Conference of governors so impressed by reports of needless waste that it recommended to Congress the enactment of laws looking to prevention of waste in mining and extraction of coal, oil, gas and other minerals. The

conservation of our coal a serious matter; the end of the supply is already in sight. Roosevelt's message for Feb. 13, '07, says amount of coal used each decade practically equals sum used in all preceding decades; that as a result of this prodigious growth, we must recast all estimates as to the life of our inexhaustible resources. And M. R. Campbell, of U. S. Geological Survey, after studying conditions, says that at rate of consumption during past ninety years, our coal will be practically exhausted within 100 years.

Take the evil of exorbitant price. According to government statistician Parker, coal costs less than $2 per ton at pit mouth. New York consumer pays $6.50 per ton. Difference mostly profit to the trust. In 1904 total output was thirteen million tons; trust made profit of over $33,000,000 in single year. Who paid that profit? In 1904 figures presented to Interstate Commerce Commission showed that from 1900 to 1904 cost of producing coal had advanced fifty-two cents; during same time cost to consumer had advanced $1.00 making total robbery of forty-eight cents on each ton of coal. During last great strike thousands paid $10 to $15 per ton for coal. Each strike means increase in price, for after strike price never comes back to old level. Year after year consumer is thus robbed and black-jacked by trust.

These are the abuses of the coal trust; can federal regulation correct them? Take the case of child labor. Senator Beveridge drew up a child labor bill that was a test of the federal government's right to regulate. The bill was carefully drawn so as to make it thoroughly

II. The case for federal regulation.

Federal regulation brings to bear a greater power; can it correct the abuses of the coal monopoly? Let us see what those abuses are. Take child labor. According to census of 1900, 25,000 boys under sixteen employed in and about mines and quarries of U. S. Spargo, in "Bitter Cry of the Children," says: "Thousands of breaker boys not more than nine or ten are working in the Pennsylvania mines every day." Child labor, easily evading the law, exists in the coal regions to-day.

Take strikes and lockouts. Says anthracite coal strike commission in its report: "In the absence of a conciliatory disposition the strife between capital and labor cannot be composed by laws and contrivances." This spirit at present is absent and no likelihood of its appearing in the immediate future. Such a condition of affairs means unsteady supply of coal. No strike this summer, but there might just as well have been as far as steadiness of supply is concerned. There was the friction that threatened a strike with its ensuing curtailment of supply.

Take the evil of waste. Roosevelt, in message for Feb. 13, '07, says we waste $1,000,000 a day in our mineral resources. Natural Conservation Commission, having studied problem, says: "Wasteful methods of mining and utilizing coal and minerals are estimated to throw away in some cases one-third of total output." Conference of governors so impressed by reports of needless waste that it recommended to Congress the enactment of laws looking to prevention of waste in mining extraction of coal, oil, gas and other minerals. The

ship and operation, but the American plan of leasing publicly-owned coal mines to private individuals, or corporations. We favor a scheme similar to that in New York City, where the city's publicly-owned subways are leased to private corporations. In this respect the plan is just the opposite of the post-office, a business which is owned and actually operated by the government itself. This leasing scheme combines the advantages of public ownership and private enterprise. To the thoroughgoing and absolute control of ownership are added the many benefits of individual initiative. In speaking of the coal lands which the government owns out west, Pres. Roosevelt says: "If once we sell these mines, they pass forever out of our control; but if we lease them, we retain control." In other words, ownership and control are inseparable.

In leasing the publicly-owned mines to private corporations, Uncle Sam may say to the prospective lessee, "You may run these mines for me for a nominal rental, providing you abide by the following conditions: You must do away with child labor, you must protect the miners against needless danger, you must charge reasonable rates, you must pay a living wage, etc., etc." In this way the public will strike at the root of the evils of the coal industry. There will be no evasion, for the government will be empowered to rescind the lease privilege. In this way the public will be protected against monopoly extortions, and safeguarded from strikes and other evils of the monopoly.

The leasing scheme is nothing new. Ex-Pres. Roose-

velt, in his special message to Congress (Feb., 1907), says that it has been proved successful in all the great European coal-producing countries. It has been tried and proved successful in the Australian countries, in New Zealand and elsewhere. At present the government owns about thirty million acres of coal lands out west, and both the Interstate Commerce Commission and ex-President Roosevelt favor the leasing of these publicly-owned coal lands to private individuals, rather than selling them outright. Therefore, the government is already committed to the policy which we of the affirmative advocate — namely, that the public own the coal fields — rather than the " divine right " monopolists.

Our policy would — if carried out — greatly facilitate the great national movement for the conservation of our natural resources. Already the public is taking extensive control over the other natural resources, and, in order to save the great waste in our minerals, the government should take control of all the coal fields in the country. That alone can prevent the million dollar a day waste.

This plan does away with the great many objections raised to the socialistic scheme of public operation. Our plan combines the advantages of public ownership together with the innumerable benefits that arise from private initiative and enterprise. It is a policy which will strike at the root of the evils of the present system — a policy which will facilitate the movement of the conservation of natural resources — a policy to which the government is already committed as the only plan to

safeguard and protect the public against monopoly and extortion.

FIRST AFFIRMATIVE, REBUTTAL.

The gentlemen of the negative have, at great length, told you that we cannot at this time take over the coal mines because it would result in "financial disaster"; that it would bankrupt our country. They tell you that with our large public debt, coupled with that gigantic undertaking, the building of the Panama Canal, we simply cannot add another burden to our already over-taxed and badly strained government. A plausible argument, were it true, but it is wrong; for their facts are unfounded; their premises are faulty and their conclusion is *non sequitor.*

They say that our public debt is large — too large. What do the gentlemen mean? Too large for what? Do they mean too large for our wealth, for our resources, or too large when compared with the debts and resources of other countries? We assert that our debt is not too large, even when compared with those of other countries. Moreover, we can prove that our country was never in better condition to take over the coal mines than at the present time. Our public debt at the present time is only one-fourth as large as that of England, one-third as large as that of France, one-half as large as that of Russia. Why it is even less than that of Italy, Spain, and, in fact, there is not one single country in Europe of any importance that has a public debt as small as

ours. And, on the other hand, of all the countries in the world, there is not one that can be compared to ours in respect to wealth and resources. Our wealth is twice that of England, thrice that of France and Germany, nearly four times that of Russia, and double that of all the remaining combined countries of Europe. And yet we cannot take over a few coal mines, because it would be a "financial disaster," an "additional burden." And we do not propose to take them all at once, we shall buy them gradually, paying for them with the coal they produce.

Again, the gentlemen tell you that the way to adjust "the difficulty," "to solve the problem," is not by government ownership, but by "a commission appointed by the government," saying that such a commission has worked well in Canada, and therefore assuming that it will also work well in the United States. You see they admit that there is a problem to be solved, a difficulty to be adjusted. But they say, let us not have government ownership, but let us have a commission. The commission can do the work, not because it is founded on sane principles and broad experience, but because it has "worked well in Canada." Canada produces the least and the United States produces the most coal of any countries in the world. To say, that because a commission has been successful when its duties are few, it would be equally successful where its duties are manifold, is too great an assumption.

THIRD AFFIRMATIVE, REBUTTAL.

That there is a coal problem is not denied by the speakers of the negative, for they have offered a remedy — namely, regulation of coal mines by a commission — such as has been advocated by Mr. Carnegie — known as the "Court of Prices" commission. Evidently the advocate of Carnegie's pet scheme has failed to read the comments in the press of eminent economists. Both Professor Sumner of Yale, and Dr. Seligman of Columbia, ridiculed Carnegie's proposed remedy. They termed it "a return to feudalism"— an "impossible remedy." Who else besides the originator favors the scheme?

The gentlemen of the negative warn you that our policy is a "step in the dark;" they call it "Socialism;" they deprecate the "dire consequences," etc. There is socialism and socialism. Were we so timid and fearful about legislation with the socialistic taint, we would have no Pure Food Law, no Employers' Liability Act, no Meat Inspection Bill. All these measures are socialistic in a sense, and, according to our opponents, we should do away with them, so as to be free from the contagion of the red flag. The speakers of the negative fail to realize how extensive are Uncle Sam's socialistic enterprises. To-day the government owns and controls the largest telegraph and cable system in the world. To-day the government owns and operates five steamships, running between New York City and Panama. The government to-day owns the coal mines and many other industries in the Philippines and other island possessions of the United

States. So you needn't be unduly shocked at the conceived socialistic revelations of our opponents.

New evils necessitate new remedies. Uncle Sam will not be tied hand and foot by the ultra-conservatist who will cling to the past regardless how futile its lessons to present needs. The question that confronts us is, What is to the best interests of the people? Publicly-owned and controlled coal mines, or privately-owned mines by a half-dozen of "divine right" Baers? If we have proved that the public's interests will be safeguarded best by public ownership and control, we have proved what we have set out to prove — whether the policy be rank socialism or thick-hided conservatism. The welfare of the public is the final test of the desirability of any measure.

Our opponents assert that government ownership is a death-blow to individual enterprise and initiative; that it breeds political corruption, etc. These objections would be valid if we of the affirmative had advocated government operation. Again we wish to emphasize the fact that under the plan we advocate, there will be no infringement on private enterprise, for our policy is to lease publicly-owned mines to private individuals or corporations. These objections, therefore, as has been already pointed out, are entirely irrelevant.

In no part of their arguments did the speakers of the negative show how existing evils could be remedied by government regulation. They have failed to take issue with us when we emphatically asserted that the state has the legal right, but lacks the physical power, and the federal government, although it has the physical power

lacks the legal or constitutional right; for Congress has power to deal with interstate commerce, and not with intra-state industries, and mining is an industry. The speakers of the negative have failed to help us out of this dilemma. Only one method remains — government ownership and control under a system of private leases. This plan will eradicate the serious evils of the present system, and protect and safeguard the interests of the public, by combining the thoroughgoing, absolute control, together with the many benefits to be derived from private enterprise and initiative.

FIRST NEGATIVE, HARRISON CARLISLE TAYLOR,[1] ROCHESTER, 1911.

We demand that the affirmative prove how government ownership of coal mines can be brought about. Government ownership of coal mines is inexpedient because of the immense capital necessarily invested in them and the great national debt which would follow their purchase. Geological survey of Marius R. Campbell is authority for the estimate of 1,500,000,000,000 tons of unmined coal now in private hands. The value at the conservative amount of five cents per ton shows that seventy-five billion dollars would be necessary for their purchase, the cost of litigation being left out. This plan of spending over seventy-five billion dollars seems especially preposterous when we consider that whether or not the government can make the mines pay is all mere assumption.

[1] The synopsis of this negative was prepared by Macdonald G. Newcomb.

Secondly, government ownership of coal mines would be inexpedient because a wide door would be opened for jobbery and corruption. That graft exists in connection with federal activities we have only to refer back to 1903, when the scandals of the post-office were laid bare before the people. Special instances were enumerated and the wide field afforded by government ownership of coal mines was pointed out. Furthermore, government ownership of coal mines would be the establishment of a bad precedent. In every system and every enterprise there are evils, but remedy of a system is possible without an entire change thereof. The question that presents itself is this: Where is the government going to stop if it takes upon itself the running of a system merely because the present operation of that system is imperfect. It would be an entering wedge for government ownership of all our great industries. It is not simply, then, government ownership of coal mines, but a great principle that is at stake.

SECOND NEGATIVE, JOHN MURRAY FOSTER, ROCHESTER, 1911.

We have heard pointed out the wasteful operation of our coal fields, but the negative cannot agree that government ownership of coal mines is the only solution of the problem. It is clear that if a far less drastic measure can be found which will accomplish the intended object, that measure should have the preference. As such a measure the negative proposes a government commission

of experienced men to study the best methods of mining coal with a view to the preservation of our natural resources, and the regulation and settlement of all disputes. The commission of 1902 was discussed and their recommendation was taken as the basis for the proposed plan. That recommendation provided for a permanent commission, which should investigate and publish all difficulties, leaving the settlement to public opinion. We can point out to you the plan which we advocate now in successful operation in our sister country, Canada. The Industrial Disputes Investigation Act of Canada is briefly as follows: "Employers and employés are required to give at least thirty days' notice of an intended change affecting wages or hours of employment. If such a notice is the cause of a dispute which cannot be amicably settled, either party may make application to the government official, the Minister of Labor, who establishes a Board of Investigation and Conciliation consisting of three members, one recommended by the employer, another by the employés and the third by the first two. This board has power to summon witnesses and to examine parts of the employers' books. The findings of the board are made public, and if not accepted the settlement of the dispute is left to public opinion." The success of the act in Canada has been pronounced. The opinions of Mr. Mitchell, Mr. Gompers, President Roosevelt and Dr. Victor S. Clark are all in favor of this plan. Mr. Clark was detailed to investigate the success of the Canadian act, and he said: "The hopeful example of the Canadian act seems likely, so far as present experience shows,

to prove a guiding star to the American people's difficulties." President Hadley of Yale says: "Careful studies ought to be made at once for the introduction of the principles and methods of this Canadian act into American legislation."

THIRD NEGATIVE, MACDONALD G. NEWCOMB, ROCHESTER, 1911.

Government ownership of coal mines would be detrimental to the system of coal mining developed by private enterprise, because the mines would be brought into politics and subject to the perturbation and suspense accompanying changes of administration. Besides, the employment of operatives who owe their employment to a political pull rather than to experience and capacity, would increase the number of men necessary and would increase the expenses of operation. The efficiency obtained under the present system would, moreover, be impaired by government ownership of coal mines. A government is slow to adopt new inventions and improvements. In very large concerns a few mistakes may mean millions of loss, while clear foresight, prompt decision and effective administration may and often do give success that means a gain of millions. The secret of American superiority over England is due to the greater willingness of the American capitalist to invest whole fortunes in improvements. It is said that the Carnegie company has spent more on improvement in the last two years than all the iron companies of England have spent

in the last ten. Under public ownership the investment of millions of dollars in experimentation would require a vast amount of agitation and discussion to convince the people of the wisdom of such a step. This would increase taxation and that alone would probably defeat it. Besides, if the money paid for experimentation were drawn from taxes, there would be less certainty as to the wisdom of its expenditure.

Furthermore, government ownership of coal mines would be detrimental to the system of coal mining developed by private enterprise, because individual initiative and industry would be checked. The great advantage of individual enterprise in industry is that the ability of the citizen is turned toward the reduction of the cost of production. President Hadley of Yale, in his economics, says: "Private ownership of monopolies tends to rapid development and utilization of improvements. With all the talent that has been put into the public administration of industry, it is a salient fact that the important inventions have been made in countries enjoying private enterprise."

Our opponents have intimated that their plan would be wise public policy. Such was not the policy of the framers of our constitution, who originated the only theory upon which our past success has been mainly dependent. From a report to the United States House of Representatives respecting government ownership of the telegraph, we quote the following: "While it is the essential feature of every imperial and centralized government to think for, act for and as far as possible

DUE MAY 2

If this book is not returned on or before the above date a fine of five (5) cents per day will be incurred by the borrower.

When you have finished reading this book do not wait until the time limit has expired, but return it to the library as soon as possible. Someone is waiting to read it.

GENERAL LIBRARY
University of Michigan
Form 96 (10-30-24) 85M

t is, on the contrary,
of a union of separate
itself as little as pos-
the nation and to do
that the people are
nemselves." The con-
ure like the one con-
nes by the government,
ement of the functions
e of powers never en-

BUTTAL.

workings of govern-
ries, implying that any
ntry will apply to our
facility. Mr. Vonder-
department of govern-
his country and after a
rning railways in Amer-
n railways, in which he
an, he would be one of
assumption of railways
conditions must every-

r the present system of
the inspectors of eight
listricts of Pennsylvania,
ity per cent of the cases,

the victims lost their lives by their own carelessness. Furthermore, any action necessary for the regulation of life-preserving equipment could be required by law without the government purchasing the whole coal mining region.

The evil of child labor, stressed by the affirmative, the negative claim is contrary to law and that if the government was incapable of performing one duty, it could not be regarded as able to perform another so complicated as government ownership of coal mines.

SECOND NEGATIVE, REBUTTAL.

The evil under the present system of coal mining which the affirmative attacked most strongly, is the high price of coal which the consumer is obliged to pay. I attack this with H. T. Newcomb, the Washington lawyer and reviewer of Peter Roberts' book, as personal authority. A coal-carrying railroad is the most expensive to construct, maintain and operate. They are forced to carry trains to the mines empty. Crews must be paid for these trips and the expense of maintenance is practically double that of an ordinary road. The grades make the construction of the roads more expensive and the liability of the mines to run out makes the possibility very strong that the railroad will not be the gainer in the long run. Definite figures are furnished by Mr. Newcomb which proves the price of coal to be very reasonable.

THIRD NEGATIVE, REBUTTAL.

The affirmative has challenged us to prove one instance in which any trust has been affected by a law forbidding combinations of coal trusts and coal-carrying railroads. Following the passage of the Hepburn bill, now in force, coal mines and railroads suddenly began to dissolve partnership. A test case, however, has been taken before the Supreme Court of the United States and a decision declaring the bill constitutional, it is daily expected, will be handed down.

The demand for the change proposed by the affirmative is not so strong as intimated. Once only did such a plank find its way into a political platform and that was in 1902, when Bird S. Coler ran for governor of New York State. He himself, however, denounced the plank, saying that he believed that "state regulation and control of corporations of its own creation should, whenever possible, be preferred to the concentration of such power in the hands of the federal government." Respecting the rate of wages paid to mine employés, Mr. Mitchell said, in a speech delivered in 1905: "At no time in the last thirty years have the wage earnings of the miners been so fair as they are now. It is true that some are earning lower wages than they were then, but the average wage is higher now than what it was." The affirmative has strongly attacked the alleged trust and combination of interest between the railroads and the coal barons. The law of Pennsylvania governing such a combination reads as follows: "No incorporated company doing

business as a common carrier shall directly or indirectly prosecute or engage in manufacturing articles for transportation over its tracks; nor shall such company directly or indirectly engage in any other business than that of common carrier." Such a law ought to prohibit evasion, but the cry goes up that it cannot be enforced. The contention of the affirmative must then be that the government, because it cannot carry out a law connected with the running of coal mines, should purchase and control the coal mines. With regard to the government ownership and leasing of coal mines, as proposed by our opponents, they have shown no way that present conditions are going to be benefited that cannot be brought about by proper laws and the enforcement thereof. Our opponents have given us a detailed picture of the successful enterprises in which the government has engaged, leaving it naturally for us to point out those cases in which the government has miserably failed. I do not need to go out of our own state. The salt mines of New York State were originally the property of the state, it being specified in the constitution that they could not be sold. So miserable was the failure of the salt mines under state ownership and management that relief had to be obtained. In 1898 the excess of expenditures over receipts was $16,347.69. The result was that a constitutional amendment was passed permitting the sale of the mines to private individuals. The state should serve as an experiment station for the nation, and the policy of the federal government should and does profit by the experience of the state.

REFERENCES.

Nation, 74:254–6; R. of R.'s, 26:66; Ind., 54:2258; Am. Lit., 34:42; Nat., 76:64; Arena, 32:652; Gunton's 27:262–70; Cassier's 18:393–402; Atlan., 87:447–56; Outlook, 66:250–2, 255–8; Outlook, 66:416; Gunton, 23:22–32; Arena, 29:1–25; Nation, 75:298; Gunton's, 20:305–22; 22:385–90; R. of R.'s, 27:225; W. Work, 4:2341; Gunton, 23:441; 23:369; Outlook, 75:154–7; Sci. Am., 60:24683; Arena, 38:401–8; 36:653; 38:373–84; Canad. M., 31:483–90; Arena, 38:482–7; Gunton, 24:532; 25:377; 23:447; Arena, 28:655; R. of R.'s 26:55; Report of Anthracite Coal Strike Commission, 1902; Report of Coal Communities, *Peter Roberts;* Special Reports of Census office on Mines and Quarries, 1902; Twenty-first Annual Report of Interstate Commerce Comm., 1901, 1907, 1908, 1909; Report of the Anthracite Coal Strike of 1902, Gov. Report; Statistical Abstract of the United States, 1907, *O. P. Austin;* Report on Discriminations and Monopolies on Coal and Oil, *Interstate Commerce Comm.,* 1907; Anthracite Coal Industry, *Roberts;* Truth about Trusts, *John Moody;* The Trust Problem, *J. H. Jenks;* Principles of Economics, *E. R. A. Seligman;* Outlines of Economics, *R. T. Ely;* Police Power, *Freund;* Railway Legislation in U. S., *Myer;* Trusts of To-Day, *Att'y Gen. Knox;* Conference Proceedings, 1907; Great Modern Battles, *Carroll D. Wright;* New Ency. of Soc. Reforms, *W. D. P. Bliss;* Constitutional Law, *Cooley;* Coal Trade Review; Ex-Pres. Roosevelt's Messages, Jan., 1909, June, 1908, Feb., 1907.



THE COMMISSION SYSTEM OF MUNICIPAL GOVERNMENT



XXIV

THE COMMISSION SYSTEM OF MUNICIPAL GOVERNMENT

Dartmouth College presented the following argument on the affirmative of the question: Resolved, That in the larger New England cities all the powers of the city government should be vested in a commission of not more than nine men elected by the voters at large without the assistance of any other representative body.

AFFIRMATIVE.

The problem of municipal government demands immediate attention. Municipal government is an admitted failure throughout the United States to-day. Experience has shown that a desire exists on part of the people to remedy evils. Evils are far-reaching and inherent in the present system. Evils cannot be corrected by modification of old method of government. Salvation of cities depends upon a new method which will fix responsibility, procure efficient administrators, interest the electorate.

The affirmative proposes the commission method of government, because experience has demonstrated its success. In Galveston it has put municipal credit above par. It has lowered the tax rate. It has cut expenses from $650,000 to $220,000. It has paid off city debts in

[1] This synopsis was prepared by Ralph F. Theller, Dartmouth, 1909.

full. It has collected taxes more efficiently. It has repaved the city at forty per cent. less than previous cost. It has given the city a business administration. It has reorganized the departments. It has fixed responsibility. It has discharged useless officials. It has regenerated the city morally. The inadequacy of the old government was apparent at the time of the storm. The personnel of the aldermen and councilmen was low. They were inefficient and corrupt. The city administration was bankrupt. The city employes were paid in script. The bonds of the city had fallen below par. The city was in low moral condition on account of weak executives.

In Houston commission government has been demonstrated successful, because the tax rate has been lowered. The city debt of $400,000 has been wiped out. New public improvements have been erected. These things are in contrast to the previous condition of the city, which was heavily in debt, under corrupt management, poorly policed, lighted, and with little fire protection. Other cities are investigating commission government and adopting it. Vicksburg, Dallas, Topeka, Austin, St. Louis, Cedar Rapids and Fort Worth are among the number.

The commission in Galveston and Houston consists of five men, elected at large. They are representative business men, each in charge of a department. They receive a fairly remunerative salary. Their duties as well as individual responsibility are fixed. They do not talk but act. They are efficient executive officers in a simple direct system of government.

The affirmative advocates such a system for the larger New England cities, because the present method of city government is founded upon a false analogy to the Federal Government. The present method is cumbersome, awkward and slow. The responsibility in the present government is easily shifted. The basic plan of the present system is wrong and modification cannot adapt it to use. Tax rate and debts throughout New England are high. Corruption and extravagance are everywhere apparent. The ward unit of present system is the worst political unit known, breeding political patronage, party deals, corrupt elections. Aldermen and councilmen show deterioration in civic qualities. Elected as they are from wards they cannot have at heart the interest of the whole city. Growing complexity of municipal administration shows the " checks and balances " of present system to be dilatory and unsafe. Experts are necessary to do the work. Local representation inapplicable to-day. The present system of city government is well characterized as one ill suited to its task, inefficient, irresponsible, cumbersome, extravagant, corrupt, unsafe. W. H. Allen, of the New York Bureau of Municipal Research, President Eliot and Mr. Bryce call it a " dead failure."

The present municipal functions are nearly all administrative. Perusal of reports of New England cities shows this to be true, because Newton has passed only two legislative enactments in two years. Springfield devotes nine pages out of one thousand and seventy-three to ordinances, all of which are unimportant. This is also true of Cambridge, Lynn and Providence. The works

of the various departments of city government are matters of business. It buys and sells commodities. It makes contracts. It should be administered as a corporation. It is only an administrative unit under the State Legislature. Legislative functions are relatively unimportant, because the city has no questions of far-reaching policy. Local representation is without purpose whatsoever.

The commission method of government realizes that the city is an administrative unit. It brings business organization. It brings business men to its service. Its small size makes its work rapid and effective. It is systematic and responsible in its actions. The American people regard the commission as efficient and effective. They have adopted investigating commissions. They have erected an Interstate Commerce Commission. There are park and sewer commissions made up of few men. The school commissions in St. Louis have been cut from thirty-five and twenty-five to nine and five. The Boston Finance Commission shows with all the others that public opinion supports the idea of the commission.

The commission is analogous in many ways to a board of selectmen; therefore the commission is getting back to first principles. It is not radical and revolutionary. It is democratic and popular.

The commission method induces good men to enter city government. Unlike the present city government there is no possibility of shifting the blame. There is an assurance of rigidly placed credit. Commissioners do

not have to stoop to ward deals. They are freed from any sense of responsibility to particular wards. Power of accomplishment is given the individual, and this attracts. Ex-Mayor Low says: "With every increase in conferred power there has been a distinct improvement in the character of the candidates."

The commission holds the attention and interest of the people. Its meetings are open and public. Its commissioners are known to the citizens. The citizens can see what the commissioners are doing. The acts of the commissioners are not clouded by the heated oratory of the council chamber. The citizens can know the qualifications of commissioner candidates, because, there are fewer of them than in the present ballot. The citizen can place immediate blame for mismanagement and neglect.

FIRST NEGATIVE, W. F. H. WENTZEL, STATE COLLEGE.[1]

In the debate against Swarthmore College, Pennsylvania State College presented the following argument for the negative. The question for debate was stated thus: Resolved, That in Pennsylvania, a commission form of municipal government based on the Des Moines system, is preferable to a Mayor and Council system. The decision of the judges was for the negative.

Advocates of the Des Moines plan of municipal government consider it the most radical experiment in municipal government ever tried in the United States. In opposition to it, the negative will uphold the Mayor and Council system, which has been used very extensively

[1] **This synopsis was prepared by Professor John H. Frizzell, Pennsylvania State College.**

in the United States during the past twenty years. The first speaker will show the efficiency of the Mayor and Council system; the second speaker will show the weakness of the Des Moines system; and the last speaker will show the advantages to the public of retaining the present system.

The history of municipal governmental development in this nation has been as follows: One hundred years ago there were few cities, and such as there were, were small in size and simple in needs. Now, over half our seventy odd millions of population are massed into incorporated towns and cities. With our enormous growth has come a rapid succession of wants and a demand for legislation to meet these wants, such as has strained the ability and darkened the history of city government in the United States. Various forms of government planned to meet the changing conditions, have been tried, from an appointive aristocracy down to the democracy of the New England town meeting. In 1882 was introduced a commission form of government with a mayor at the head. In 1849, a board system, in all respects a commission form of government, was used. In 1880, Seth Low invented and introduced into use in Brooklyn that form of city government which the negative upholds, the Mayor and Council system. Up to this time, practically all city government, save the New England town meeting, was a commission form, such as the affirmative advocate. After 1889, the Mayor and Council system was widely and rapidly adopted, and has been coming more and more to furnish us with the most satisfactory munic-

ipal government in the world, in point of public service, convenience, protection, election laws, and social and educational improvements.

The definition of the term "Council" is confusing. For the affirmative, it means a commission of five men, responsible for legislative, executive and judicial duties in a city government. For the negative, it means a representative body responsible for the legislative duties of a city.

The negative holds that the Mayor and Council system, with its inherent possibilities, offers the best and safest means for municipal government in Pennsylvania, because it is based on American policy. It is based on the strength of representative leadership. It is based on the security of the public franchise. It is based on a rational system of checks and balances.

The proposed system is not preferable to the Mayor and Council system, for the Mayor and Council system is the more efficient form of city government for Pennsylvania. The nature of municipal government makes such a form superior. Although in a measure industrial in its nature, the city is primarily a political division. "Its responsibilities naturally make it political in nature in looking after the health, protection, general welfare, taxes, licenses and other interests affecting its citizens more intimately than any other branch of government." (Wilcox.) "We cannot avoid the conclusion that a city council is a necessary part of the municipal organization." (Goodnow.) "We may regard the Mayor system as the best form of city government under exist-

ing American conditions." (Wilcox.) A comparative view shows the advantages of the Mayor plan, in point of efficiency. The history of Des Moines will serve as illustration. Twenty years ago, Des Moines had a commission form of government, was in debt to the highest legal limit, and had property to show for it less in amount than $100,000. A Mayor and Council system was adopted and ever since, Des Moines has lived within her income, has reduced her debt $300,000, and has over $2,000,000 worth of property. Says W. W. Wise, of Des Moines, "Prior to this law, the police and fire departments were under the civil service, and at the highest state of efficiency. Under the new system, they have taken these departments out of the civil service, except in name only, and put them back into the spoils system." The new plan fixes certain radical provisions. The commission makes laws and enforces them, appropriates money and spends it, creates offices and fixes salaries. The argument of the affirmative that the division of the administration of the city's affairs among five men fixes responsibility will not hold. Such a division has exactly the opposite effect. Says Mayor Mahool, of Baltimore, "In Baltimore, with mayor, double council, boards and department heads, it is an hundred-fold more difficult to abuse public interest than it would be under the commission system." Says Mayor Rhet, of Charleston, "Why the Des Moines system should give better protection from corruption or a more efficient government, I am unable to see." It is argued that the system requires nonpartisan officials, but, it is an open question as to the

efficiency or wisdom of this limitation. Parties have introduced the idea of standing for policies as well as for men. It is far better to let citizens decide for or against non-partisan candidates at will. In the first election under the new system, the old line politicians were victorious over the advocates of the system. The argument of the affirmative that one of the best features of the new plan is that it abolishes ward representation, and thus secure pure politics, is absurd. The whole government may come from one section of the city, or one social or political or financial division of the city. Philadelphia has a larger variety of wants than many of the smaller cities of the state, and sectional or ward representation is the only means of getting all these wants supplied.

It is argued that the requirement of the Des Moines system that all franchises must be approved by the public, works to the advantage of good government. This is not true. This requirement takes the most intricate of city problems and one most productive of irregularity, out of the hands of the most efficient body, in the Des Moines plan, out of the hands of the commission, and puts it back into the hands of bosses, political machines and yellow journals, who take advantage of the public's lack of knowledge on so intricate and vital a problem.

It is claimed that the proposed system introduces civil service, but it allows many options, and many of the most important officials do not have to be appointed by civil service. The civil service is in use in most of the city governments under the Mayor System.

The advocates of the proposed system make much of

its requirement of publicity, but this requirement is inherent in the Mayor System. Publicity is commendable, but as a check on a powerful or unscrupulous council, it is valueless, practically, for accounts are readily made to look right, for bank cashiers, with a recognized system of bookkeeping, can make false accounts look good to a bank examiner.

It is urged that series of special checks in the proposed system make corruption, etc., less easy than in the Mayor and Council System, but all the safeguards in this system, are inherent possibilities in the Mayor System; the only essential difference in the two systems is in the all-powerful commission in the place of a representative council. The commission is too aristocratic and unsafe. It must be guarded by a number of unwarranted experiments, as set forth in the charter,— the initiative and referendum, the recall. The Mayor and Council system is tested and proved; it is true to American policy, and has the ability to conform to popular demands or to add any of these safeguards as may from time to time be found advisable.

The history of commissions in the United States is unfavorable to the adoption of the Des Moines System. They have stamped failure on municipal governments up to 1880; they have stamped failure on county government. Their chief success has come in industrial corporations in which they seek the interests of a few, and not the comfort and safety of the masses, where they manufacture millionaires and bankrupt ignorant investors. In ten days existence in Des Moines, the proposed

system failed in its original purpose. Under the former system, the police department was licensing houses of ill-repute against existing laws, it was permitting gambling dens, and forming a dangerous political machine. The head of this department is now mayor of the city, the old political machine formed a separate slate and elected the whole commission, and now has, by virtue of the powerful commission system, more control than ever over the city of Des Moines.

What we need is not a commission form of government, in this state, but a truly powerful popular government, representative in nature, with departments well separated. One house might, perhaps, be selected at large. Most of all, a truly interested public is necessary for success in any system. This interest should be aroused by the organization of municipal and tax payers' leagues which shall study conditions, give intelligent information, create a sane and healthy public sentiment, and if need be, put forward competent, public spirited, independent candidates.

SECOND NEGATIVE, MORELL SMITH, STATE COLLEGE.

The proposed system has inherent weakness. The commissioners are not necessarily qualified to act as heads of the departments for which they are later on chosen. They are elected at large on the misapprehension that each is equally fitted for any of the four departments, exclusive of that of Public Affairs. "Where you want representation, you must elect, but where you

want skill you must appoint." There is a lack of continuity in the office. The system provides that all the commissioners shall assume and lay down their offices at the same time. The whole policy of the city government is liable to entire change every two years. The argument that the proposed system will do away with corruption and bossism is fallacious. No system under Heaven can do away with them. The existence of bossism and corruption is not due to any system but to traits in human nature. The machinery of elections, the vital part of all government, will still be at the service of the bosses. The efficiency of the system is entirely dependent on the personnel of the commission, and the Des Moines system does not guarantee an efficient, clean, and honest commission.

The basic principles of the proposed system are in opposition to the American form of government, and to the American conception of democracy. The form of government under the system is un-American in character. It combines the legislative and executive in one body. It is a well known theory of Political Science that the two functions should be kept entirely separate. (Durand: Pol. Sci. Quar.; XV, 426.) The whole financial policy is entrusted to a small body of men, on whom there is no direct system of checks and balances. The whole evolution of government has been a check on such a policy. (Chadwick: Amer. Municip. Bulletin.) The proposed system is essentially undemocratic, for it intrusts the ultimate responsibility for the general welfare to a single select body rather than to a representative body

properly aided by the executive. "The experience of the whole world from the earliest time has been that where people are in any degree fitted for self-government a representative body can more safely be trusted to carry out its will, to deliberate wisely and uprightly, than any select few. Wherever people have risen sufficiently in intelligence and in power, they have replaced centralized authority by deliberative assemblies." (Durand.) The claims of those who advocate the city council system rest their claims on the wide experience of the race.

The Des Moines system is out of harmony with the purpose it was meant to serve. It takes the government out of the hands of the people instead of making them take a share in it.

THIRD NEGATIVE, ANDREW A. BORLAND, STATE COLLEGE.

The comparative advantages of the present system are such as would warrant the retention of that system. The present system is superior to the proposed system in its ability to provide wise and efficient municipal measures. It provides a system of checks and balances to prevent hasty and ill-considered legislation by separating the legislative power from the spending power. The legislative power in the cities of Pennsylvania is vested in the city council and is divided into houses, each holding a check on the other, so that between the extreme views and wishes of the two, legislation is necessarily tinged with conservatism, and hence, with safety. The executive power is represented by the mayor, and is also a check

upon legislation, since the veto power of the mayor can only be overcome by a two-thirds vote of both houses. In the Des Moines plan, all executive, legislative and judicial powers and duties are placed in the hands of five men, with no system of checks, not even veto power. (Section VIII.) The Initiative and Referendum, integral parts of the system, give no room for debate or deliberation. A measure, formulated by a certain sect or class, for its own selfish interests, and petitioned for by only ten per cent of the electorate, must be passed by the council or else submitted *without change* to a popular vote. The indifference of the average citizen to a measure with which he is not familiar makes it a comparatively easy matter for a body active in its own behalf to secure the passage of the measure it desires. "The Initiative and Referendum refer matters needing much elucidation by debate to those who, on account of their numbers, cannot meet together for discussion, and many of whom may never have thought about the matter." (American Commonwealth," 372.) Popular opinion is not expressed by the Initiative and Referendum. In Berne, Switzerland, 1869–1878, forty-three per cent. of the electorate voted on Initiative and Referendum measures, and sixty-three per cent. voted for candidates. In the United States, 1904, in eight states, on seventeen referendum questions, less than half the voters cast their ballots. In Oregon, in 1904, approximately 1,000,000 voted on the two measures of local option and direct primaries; approximately 16,000 failed to vote on the former, and 27,000 on the latter. The average citizen

has neither the time nor the training necessary for wise law-making. "The referendum is a call to perform all the duties of profoundest statesmanship; in addition to private obligations which are even much more than the average man can with success fulfill." (Hyslop's Democracy, p. 31.) The present system is superior to the proposed system in its ability to carry out municipal measures. It concentrates responsibility for administration. With the legislative department entirely separated from the executive, the entire responsibility for administrative work is placed upon the mayor. In the Des Moines plan, the responsibility for administrative work is divided among five departments. It is argued that the recall offers a method of removing an inefficient officer, but instead it opens the door for corruption and ring rule. A petition for the removal of an official must be passed upon as to its sufficiency by the city clerk who owes his position to the members of the commission, and who would scarcely approve any petition aimed at those who gave him his place. Also if a ring wished to get control of the commission, supposing them to have three friends thereon, they could, with the aid of their clerk, have circulated a petition for the removal of a hostile councilman, and then by the same system of boss rule by which popular elections are controlled, succeed in putting an honest man out of the council. The present system is more efficient in the granting of franchises. In the Des Moines system, the granting of franchises is left not to a select body of the best business men in the city, but to the intelligence of the average voter, including laborers,

tens of thousands of whom have been but recently naturalized, and who cannot be expected to understand the complex problems involved in the granting of a city franchise. The argument that the people will not let themselves be cheated, is not valid. The present system is more efficient in preventing corruption in the financial affairs of the city. Under the present system, a committee on finance composed of business men, estimates the amount needed for the running of the city. The Common Council approves or amends the estimates; then the Select Council acts and finally, the budget goes through the hands of the mayor, who may approve or veto, in whole or in part, his vote being overcome only by a two-thirds vote of both the councils. In paying out the money, the comptroller determines the correctness of the bill, and the Treasurer finally disburses the money. The Des Moines plan leaves the whole money power in the hands of five men, who authorize expenditures and disburse them, and who are not under bonds for the right use of the vast amounts put into their hands.

REFERENCES.

General: Batten, J. H., Problems of Municipal Government, *Arena*, 24: 589; Butler, J. A., A Single or a Double Council? (in *Proceedings Nat'l. Conference Good City Government*, 1896; Dillon, J. F., *Law of Municipal Corporations;* Fairlie, J. A., Municipal Administration, 1901, *Amer. Municipal Councils, Pol. Sci. Quar.* XV., 426; Fiske, J., *The City*, in "*Civil Government in America*"; Ford, H. J., Principles of American Municipal Organization in *Annals Amer. Acad. Polit. and Soc. Sci.*, 23; 195; Godkin, E. L., "*Unforeseen Tendencies of Democracy*," p. 145; Hart, A. B., *Actual Government* (American Citizen se-

ries); Howe, F. C., The City, the Hope of Democracy, The American and British City, *Scribners'*, Jan., '07; Macy, J., Party Organization and Machinery, pp. 268–270; *Nat'l. Conference Good City Gov't. Proceedings,* 1894–1907; Nat'l. Municipal League, Proceedings Annual Meetings 1895 to 1907. Especially 1907.

Affirmative: Allen, P. L., The Trend Toward Pure Democracy, *Outlook,* 9–15–07; *Boston Transcript,* October 25, 1907; Deming, H. E., *Ann. Amer. Acad. Pol. and Soc. Sci.,* XVII, 35; Eliot, C. W., City Govt. by Fewer Men, *World's Work,* Oct., 1907; Address on Municip. Govt., *Boston Trans.,* March 2, '07; Haskell, H. J., The Texas Idea, *Outlook,* April 13, 1907; *League Amer. Municipalities,* Proceedings XI Annual Meeting; *Literary Digest,* July 13, 1907; *Outlook,* December, 1907. The Breakdown of Ward Government; Parsons, F., *The City for the People,* 1899; Pryor, J. W.. *Conference for Good City Government,* 1896; Sampson, H. E., Des Moines Plan of City Govt., *Delta Chi. Quar.;* Smith, E. B., Municipal Self-Government, *Atlantic Mo.,* 89, 391; Steffens, L. J., *The Shame of the Cities* (McClure, Phillips Co.); Whitlock, B., *Literary Digest,* October 16, 1907; Williams, C. A., *The World Today,* vol. xi, No. 3, p. 943; Woodruff, C. R., *The World Today,* vol. x, No. 1, p. 60; *Political Science Quarterly,* 1903, p. 47; *Conference Good City Gov't,* 1901, p. 245; Woodward, F. W., Des Moines, *Boston Herald* 9–22–07.

Negative: Bradford, Gamaliel, *The Lessons of Popular Government,* Bryce, J., *American Commonwealth,* pp. 472, 561; Durand, E. D., *Polit. Sci. Quarterly,* XVII, 426, 675; Goodnow, F. J., *City Government in the United States,* 1904; *Municipal Problems,* 1897; *Municipal Home Rule; Conference Good City Government,* 1900, p. 71; Hyslop, J. H., *Democracy, a Study of Government, Forum,* XVIII, 468; Ivens, W. M., *Polit. Science Quarterly,* II, 291; LeBon, A., *The Crowd, a Study of the Popular Mind; League Amer. Municipalities. Proceedings XI,* Annual Meeting; Lowell, A. L., *Governments and Parties in Continental Europe; Nation,* vol. 82, p. 463; *Outlook,* vol. 83, p. 730; *Political Science Quarterly,* XX, 447; Wilcox, D. F., *The American City;* a Problem in Democracy; Municipal Governments of Michigan and Ohio.

POSTAL SAVINGS BANKS

XXV

POSTAL SAVINGS BANKS

The New England Triangular Debating League,— Dartmouth, Brown, Williams, discussed the following statement of the postal savings bank question. All three affirmative teams won. Resolved, That the postal savings bank scheme as advocated by Postmaster General Meyer should be put into operation in the United States.

FIRST AFFIRMATIVE, J. G. CONNOLLY, BROWN.

The scheme of Postal Savings banks has been advocated in one form or another since 1871, an indication that the need of increased banking facilities in this country is an accomplished fact. The present banking facilities are not only inadequate, but are not available, through their nature, for the small depositor. They are not conveniently situated to receive the small regular deposits of the laboring class. Many communities are without any facilities whatsoever. The installation of our scheme would mean the distributing broadcast of about 40,000 additional banking institutions. These would be situated to afford convenience of place as well as of time. The familiarity of the working man with the post office as an institution would increase the ease with which he saves. The Postal banks will be open for longer hours, and accept deposits in amounts of ten cents up, after the deposit of an initial dollar. Postmaster General Meyer's

scheme will increase the number of small depositors, and will attract the foreigner who has confidence in our government institutions. The fact that he has funds entrusted to the government will also give the foreigner a deeper interest in the government, and make him a better citizen. Evidence tends at present to show that a large amount of money goes out of the country due to foreigners having no confidence in American institutions of investment. But with our Postal Savings banks in operation he would possess no incentive to invest abroad, and hence more money would remain in the United States available for investment.

SECOND AFFIRMATIVE, C. H. WOLCOTT, BROWN.

The Postal Savings banks will increase the thrift of the nation. They will encourage to save those people who have never been accustomed to save. In countries where the Postal Savings banks have been established the proportion of the population saving is much larger than in the United States. The opportunity to invest small sums will educate the rising generation to habits of saving and thrift. Then there is the class of people who now hoard money. The reason is presumably the inadequacy of banking institutions or a lack of confidence in the same. This scheme would remedy both. It would thus draw out of hiding much money now out of circulation, and render the same available for investment. The amount estimated as that which could be brought into circulation from hoarding is about $500,000,000. Imagine the boom

to trade and industry resulting from this great additional sum being made available for circulation and investment in productive machinery of various kinds. More capital would mean more factories, more people employed, more and higher wages, and thus greater general prosperity. It would mean that money would come out of hiding in rural communities and upon being reinvested in those communities would boom the community correspondingly. Saving means thrift, and thrift of its people leads to the prosperity of a nation. This we claim the Postal Savings banks capable of accomplishing, because they afford popular facilities of saving.

THIRD AFFIRMATIVE, C. E. WHEELER, BROWN.

The negative have made the claim that the Postal Savings banks will compete with existing banks. On the contrary we state that the Postal Savings banks will aid the regular banks. They will not compete with them for many reasons. In the first place the larger interest rate paid by the existing banks will preclude competition, and secondly, the two systems of banks would cater to two entirely distinct classes of people. The Postal Savings banks would cater to the poor man who makes regular but small deposits, while the regular banks cater to the wealthy man who makes large deposits. This fact alone places the two institutions on a different basis and precludes the competition the negative fear. Now as to the assistance which the Postal Savings banks could render the existing banks. They would entice from hid-

ing small hoarded amounts, and the small savings of the laborer and ultimately hand these over to the existing banks where a larger rate is given. In time of panic, when confidence was destroyed in the existing banks, money would be drawn from them and reinvested in the Postal Savings banks, by whom it would be returned to the national banks and thus redistributed in trade channels. Thus the Postal Savings banks in time of panic would act as feeders to the national and other banks of private capital, as did the government in the panic of 1907, thus saving them from ruin.

As to the financing of the system, according to Post Master General Meyer's scheme it will make an amply sufficient amount to pay its expenses. The added cost to the post-office department is very small. The machinery is already in existence. All that is necessary is to utilize it for the benefit of the masses, and the small depositor.

FIRST AFFIRMATIVE REBUTTAL.

The affirmative have argued for the general principle of savings banks because we believe that their success in Europe warrants their success in America. The negative has produced no conditions dissimilar enough, existing in the two countries, to preclude the like success of the scheme in the United States. As to the question of increased banking facilities bringing about increased saving, we do not necessarily claim that they are sure to, we simply claim that they give opportunity for such, and so advantageous an opportunity that it is fair to

presume that people will be quick to take advantage of it. Statistics which show a greater percentage of the population saving in those countries in which postal savings banks have been established, at least, create the presumption that increased savings facilities will induce increased saving. Thus we claim that the small farmer whom the inconvenient hours and the inaccessibility of the regular banking institutions prevent from saving, will be induced to save when every day as he goes into his post office, where he is at home, he can deposit any small sum from a dime upwards. When he has accumulated a sufficient amount to pay him to take time off for a trip to a large savings bank, he will withdraw his savings and deposit them in a regular savings institution, thereby assisting the existing institutions. This is the chief way in which we claim that the postal savings banks assist rather than compete with the existing banks. They aid the regular banks by bringing into existence sums available for investment that otherwise would never exist.

SECOND AFFIRMATIVE REBUTTAL.

The negative have misunderstood our claim as to nature of the money called into circulation by the Postal Savings banks. We do not necessarily claim that more money will be so brought out as to make possible increased investment in Wall Street, but simply that more money will be available for investment. It is a provision of the scheme in question that the money handed over to the Postal Savings banks must, wherever possible, be

redeposited in the locality where it was invested. In this way we see that the money would not necessarily concentrate in Wall Street, but would be brought out of hiding in each distinct community and re-invested therein to the benefit of that community. Many country districts stagnate through the inadequate currency in circulation. This scheme, we believe, would not only remedy that evil, but aid in the installation of new industries in those communities which would be productive enough to obviate the danger in a panic which the negative have painted. Regardless of argument to the contrary, it is a recognized fact that the increase of savings facilities which obviate the disadvantages of our present institutions for that purpose will inevitably increase the average of saving among the laboring classes. That this means increased thrift is also an undisputed axiom. The problem of this government is not the problem of the man with the bank account, but that of the man whom this scheme seeks to benefit.

THIRD AFFIRMATIVE REBUTTAL.

In rapidly summarizing the case of the negative, their chief objections to the postal savings banks scheme seem to be based on the supposed impracticability of the special provisions of the Carter bill. The affirmative has not been arguing for any bill whatsoever, but for the general proposition that saving and hence saving facilities of a sane nature were a benefit to any community. We believe that Post Master General Meyers'

scheme is postal savings banks as a general principle, not any special bill,— though he may, of course, sanction a given bill in the hope of seeing the system instituted. Once instituted, any slight imperfections in the system such as the negative have chosen to find in the recent bills before Congress can be worked out of the scheme without great effort. Thus the argument of the negative on several issues which involve the special considerations of some bill, are thrown out of the debate if the interpretation of the affirmative regarding the question is to be taken as correct. The affirmative then believes that some system of postal savings banks should be established as an inexpensive and safe way of increasing savings facilities and the thrift and welfare of the people at large.

FIRST NEGATIVE, C. S. LYON, DARTMOUTH.

There is no need of the installation of the system in question as present facilities are adequate. Private capital never fails to enter any field where a need makes an increment of gain possible. The very absence of banking facilities in many communities indicates that there is no effective demand for such. Further, channels of investment include many other institutions than banks, such as the undeveloped resources of the country where an investment will yield far more than any banking institution could pay. Saving is not a matter of banking facilities anyway. It is a matter of temperament. If a person won't save because there is no small deposit bank next door he will not save with one. Further, the

government makes a very questionable move when it absorbs an institution purely individualistic in character, and thereby becomes over-paternalistic. In invading the field of private enterprise the government is becoming a competitor with existing institutions in which vast sums of private capital have been invested. Competition with existing banks is not precluded by the lower interest rate, for the tax on the deposits of the regular banks from which the Postal Savings banks would be exempt would practically equalize the actual rate in both cases. The advocated scheme would undoubtedly draw money from investment in productive industries. Lastly, the Post Office department is unable to handle any such scheme as it must inevitably mean a loss and last year's deficit alone was nearly $17,000,000.

SECOND NEGATIVE, P. M. CHASE, DARTMOUTH.

We take immediate issue with the statement of the affirmative that the scheme in question would increase the amount of money available for investment. The assertion that this scheme will bring out all that money now supposed to be in hiding is ridiculous. If a person hoards to-day he does it because it is his nature, not through lack of facilities. Further, we question the advantages of having any such increase in the currency brought about. According to economic laws this would mean higher prices, but the buying power of the laboring class has remained presumably the same. Further, there are politically dangerous elements in this proposed plan. The

centralization of the unlimited control of the investment of these vast funds is in the hands of a small board of trustees. The hidden power for autocracy is self-evident. These men are all appointed by the President and by favoring one community as against another or one financial interest as against another, they can by this patronage build up a powerful political machinery with the executive as its head. The "moneyed interests" are too dominant in our national politics at present without giving them added opportunity for control.

Another element of danger in this proposed legislation is as follows: Government money is not liable to attachment or any legal process. The funds deposited in the Postal Savings banks are government funds and hence come under the exemption in question. It is easy to see what this could lead to. Foreigners could come over to this country, deposit their small earnings in a Postal Savings bank, contract debts all out of proportion to their real earning power, but always be exempt from any legal procedure whereby the creditor could obtain any legal satisfaction. The foreigner could soon return to his native country with an amount saved out of all proportion to the actual surplus saved over cost of living. Again in the case of swindlers, defaulters, etc., a person could deposit the results of his theft in several different banks up to the amount of thousands, and these illegally obtained funds would be exempt from legal process.

THIRD NEGATIVE, R. L. THELLER, DARTMOUTH.

The affirmative have questioned our assertion of the fact that the government would be unable to finance the scheme proposed. They have pointed to European countries throughout their discussion for proofs of their claims in this and other respects. But the analogy between the system in question and that employed by European countries, especially in its financial aspects, is totally different. European countries invest the money received from the postal savings banks in their floating debts. But the debt of the United States is so small as to preclude this. There is not a single country in Europe that by means of the system in question borrows money from one party to lend to another, paying interest to the former and exacting it from the latter and standing between the two as guarantor in a commercial transaction. The government here proposes to hire money that it may rehire it. Not having a floating debt, then, it is suggested that we deposit the funds in the national banks. But the conditions affixed to the receipt of this money are so hazardous that it is extremely doubtful if the banks will take the funds thus conditioned. (Letters read from numerous prominent bankers supported this contention.) Further, the government cannot invest in the state or municipal bonds, for these channels are either not available, or are on the other hand unsound. Thus we see that the government has no adequate channel in which to invest the funds procured from the Postal Savings

banks and is simply taxing itself to pay itself a doubtful advantage.

FIRST NEGATIVE REBUTTAL.

The affirmative have made the claim that the Postal Savings banks by the mere increase in facilities thus afforded will increase the thrift of the laborer or the wage-earning class. We contest that if no increased facilities are demanded it is a questionable fact as to whether or not they will encourage saving. Further, we question any cause and effect relation between saving and thrift as implied by the affirmative. Prominent economists assert that there are two types of capital,— material and personal. The former is illustrated when the laborer turns over to the capitalist via the postal savings banks his daily earnings, which are in turn invested and the benefits exploited by the capitalist. Personal capital is illustrated when the wage-earner re-invests in himself whatever surplus in earnings he may acquire, in his family, and in generally raising their standard of life. The question arises as to which method most induces the thrift of the laborer, and we claim that the evidence of proof is necessary before the affirmative can claim their assertion a fact. Our position in this connection is illustrated by the condition of the Irish people here and in Ireland. In this country the Irish laborer is thrifty, for he invests not in Postal Savings banks but in personal capital. In Ireland, the laborer puts his surplus earnings in a postal

savings bank, from which it seeks the most profitable channels of investment and thus concentrates in London. This means the impoverishment of Ireland to the benefit of the London capitalists, and that is just what would happen in the case of the American laborer with the system of postal savings banks in existence and Wall Street as ever active and attractive to investment. Thus we claim that the affirmative has far from shown the existence of any causal effect between the mere increase of banking facilities and thrift. Their assertion is founded on a series of presumptions none of which are admitted premises. We call for proof.

SECOND NEGATIVE REBUTTAL.

The affirmative have made the claim that the Postal Savings banks are going to assist the regular savings banks in various ways. You will please note that this claim is made by men whose knowledge of banking is for the most part confined to the advocacy of this beautiful scheme,— the Postal Savings Banks. No banker of years' experience and an intimate knowledge of banking has seen anything in the scheme but a wildcat experiment and scheme that requires condemnation and opposition at his hands. They have been unable to trace that problem in psychology whereby the new scheme booms trade and their interests. And they are the men who know. Now as to the action of the Postal Savings banks in time of a panic. The affirmative have traced for you the course of the money from the time it is with-

drawn to its re-deposit in the Postal Savings banks and its therefrom being a source of re-supplying the existing banks. But this is an amusing fallacy. Let us trace the course of the money supposedly drawn from hiding, as the affirmative assume, with due regard to the working of the numerous economic forces now existent in the United States. Drawn from hoarding, the money is deposited in the Postal Savings banks according to the claim of the affirmative. These Postal Savings banks must again in turn invest the funds in the national banks, according to the scheme of Post Master General Meyers. Once the national banks get the surplus funds for which there has been no effective demand, they will have to loan them on long time loans and the money will inevitably be drawn into concentration in Wall Street, from where it will go only to be crystallized into specialized forms of capital which are not readily convertible. The panic comes and what happens? The laborer wants his savings, then, in actual cash. He wants no assurance that they are safe. His mill has shut down, he's out of work, and he needs those savings for the purchase of his daily bread. He demands them of of the Postal Savings bank. They, in turn, demand them of the national banks, a move which must greatly assist them with all their other obligations due. But the national bank can't produce the funds for they have been lent out and are now crystallized into forms of specialized capital. The national banks can't pay, the postal savings banks can't pay, and the government has to refuse payment on that which it promised to pay on demand and is thereby discredited.

We fail to see wherein the Postal Savings banks would constitute any panic-panacea as far as the existing banks are concerned.

THIRD NEGATIVE REBUTTAL.

The case of the affirmative has rested on three issues, — the supposed benefits resulting from the increased money brought into circulation by the Postal Savings banks, the thrift supposedly induced, and the alleged success of the system in foreign countries. We have endeavored to show you that in the most important detail the proposed system and that employed abroad are radically different. Secondly, we have contested on sound economic principles their assertion that an increase of the circulating currency or even an increase of the money available for investment was a desirable thing. Thirdly, we have shown that the argument declaring that the system will induce thrift is founded on a series of assumptions which leave the conclusion little more than an assumption. A great English banker has characterized America as a financially uncivilized country, and he was undoubtedly right as regards the unstable and complex relation of our financial status to the economic life of the country. Hence the negative claims that the government has no right to plunge down upon an already inefficient financial system an added burden which it cannot support, and whose benefits are mostly theoretical.

REFERENCES.

Advantages of, *Ind.* 53:2791; 64:9; 66:73; Of Great Britain, *Arena*, 33:31; In Philippines, *Outlook*, 83:680; *R. of R's.*, 34:468; *Ann. Am. Acad.*, 30:45; Bankers Oppose, *Arena*, 36:552; National Need of, *Outlook*, 87:91; Objections, *No. Am. Rev.*, 184:364; *Ind.*, 66:904; Benefits of (Meyer), *No. Am. Rev.*, 188:248; Country That Has No Paupers, *World's Work*, 16:10637; Much Needed (Meyer), *Outlook*, 87:795; Meyer's Agreement, *Ind.*, 63:1579; Arguments Against, *Ind.*, 65:1548; In Congress, *Char.*, 21:1195, 719, 781; Foreigner and His Savings, *Char.*, 21:757; How to Use (Meyer), *Char.*, 21:990; Need of (Meyer), *R. of R's.*, 39:47; *Char.*, 21:717; Objections to, Arguments for, *Outlook*, 91:99, 115; And the People, *Arena*, 41:367; Postoffice and Thrift, *Outlook*, 90:802.

APPENDIX



APPENDIX

QUESTIONS FOR DEBATE

The following questions have been used by the University of Pennsylvania in class, society, and intercollegiate debates within the last six years:

Resolved, That the United States should favor a formal defensive alliance with Great Britain.

Resolved, That the Constitution should be so amended as to make the passing of amendments easier.

Resolved, That state boards of arbitration, with compulsory powers, should be appointed to settle disagreements between employers and employees.

Resolved, That there should be a national board of arbitration, with compulsory powers, for disagreements between interstate railroads and their employees.

Resolved, That the reading of the Bible in public schools should be prohibited.

Resolved, That the members of the Cabinet should have seats and the right to speak in Congress.

Resolved, That the annexation of Canada would be advantageous to the United States.

Resolved, That life imprisonment, with restricted power of pardon on the part of the Executive, should be substituted for capital punishment in Pennsylvania.

Resolved, That the Chinese should be excluded from the Philippines.

Resolved, That church property should be taxed.

Resolved, That in all matters relating to the tariff a member of Congress is justified in being governed by what he considers

the interests of his constituents rather than by what he considers the interests of the whole people.

Resolved, That a system of compulsory voting should be adopted in the United States.

Resolved, That the products of convict labor should be sold in the open market.

Resolved, That permanent copyright should be granted by the United States.

Resolved, That a constitutional amendment should be passed giving Congress exclusive control over marriage and divorce.

Resolved, That elections for Federal officers should be under Federal control.

Resolved, That the "electoral college" should be abolished and the President elected by the direct vote of the people.

Resolved, That University football, as played under existing rules, is in serious need of reform.

Resolved, That fraternities are desirable in American colleges.

Resolved, That home rule should be granted to Ireland.

Resolved, That the "honor system" should be adopted for all examinations in the college.

Resolved, That the housing of the poor should be improved by American cities. (Cf. the case of London.)

Resolved, That a system of compulsory "industrial insurance" should be adopted by Pennsylvania. (See government report on compulsory industrial insurance in Germany.)

Resolved, That an income tax is a desirable part of a scheme of taxation.

Resolved, That the amount of property transferable by inheritance should be limited by statute.

Resolved, That, granted that it were constitutional, it would be wise to establish a graduated income tax and an inheritance tax.

Resolved, That judges should not be elected by popular vote.

Resolved, That less than the whole number of a jury should be competent to render a verdict in all jury trials.

Resolved, That the best interests of the laboring classes would be advanced by the development of a separate labor party.

Resolved, That labor unions are on the whole prejudicial to the best interests of the workingman.

Resolved, That labor unions are on the whole beneficial to society in the United States.

Resolved, That military tactics should be taught in the public schools.

Resolved, That no American city should own and operate its street railways. (Municipal Ownership.)

Resolved, That there should be a large and immediate increase in the United States Navy.

Resolved, That the adoption of the fifteenth amendment of the Constitution of the United States has been justified. (Negro suffrage.)

Resolved, That the franchise amendments to the Constitution of North Carolina, adopted in 1897, were justifiable. (Negro suffrage.)

Resolved, That the United States government ought to interfere to protect the Southern negro in the exercise of the suffrage.

Resolved, That Pennsylvania should adopt the "Norwegian system" of dispensing liquor.

Resolved, That a young man about to cast his first vote should ally himself with one of the two most powerful parties.

Resolved, That laws prohibiting railway pooling should be repealed.

Resolved, That the President of the United States should be elected for a term of six years and be ineligible for re-election.

Resolved, That state prohibition is preferable to local option in any state where a prohibitory amendment can be passed.

Resolved, That the Prohibition party has not aided the cause of temperance.

Resolved, That the Federal government should buy and operate the railroads.

Resolved, That Congress should endeavor to bring about complete commercial reciprocity with Canada.

Resolved, That the provisions of Section 2 of Article XIV of the Amendments to the Constitution of the United States should be enforced. (Representation in Congress.)

Resolved, That the number of representatives to Congress should be reduced.

Resolved, That representatives in Congress and in state legislatures should vote according to the wishes of their constituents rather than according to their own convictions.

Resolved, That the national government should operate a saving fund in connection with the post-offices.

Resolved, That the Constitution of the United States should be so amended as to provide for the election of senators by direct vote of the people when the state legislatures fail to elect.

Resolved, That a constitutional amendment should be passed providing for the election of United States senators by popular vote.

Resolved, That foreign-built ships, owned wholly by Americans, should be admitted to American registry, free of duty.

Resolved, That a single tax on land would be better than the present system of taxation.

Resolved, That no man, however rich, is justified in spending hundreds of dollars per guest in a social entertainment.

Resolved, That the United States should attempt to restore its shipping by subsidies.

Resolved, That state laws prohibiting secular employment on Sunday should be repealed.

Resolved, That the Federal government should buy and operate the telegraph.

Resolved, That a third party has at present no place in American politics.

Resolved, That any amendment to the Constitution of the United States, providing for a change in the method of treaty making, is undesirable.

Resolved, That the fifteenth amendment should be repealed.

Resolved, That the United States should enlarge her navy on the principle that it should be as powerful as any navy in the world except England's.

Resolved, That aside from the question of amending the Constitution, it is desirable that the regulating power of Congress be extended over all corporations doing an interstate business.

Resolved, That employers are justified in refusing to make agreements in regard to wages and conditions of employment with labor unions of which a majority of their employees are members.

Resolved, That national banks should be allowed to issue credit currency to the extent of twenty-five per cent of their paid-up and unimpaired capital.

Resolved, That free trade should be established between the United States and the Philippines.

Resolved, That the present tariff on the raw materials and rough products of iron and steel, such as bar iron, pig iron, rails, steel ingots, etc., is justified on the ground of the protection of American industry against foreign competition.

Resolved, That laws should be passed with a view to securing to the state the future "unearned increment" of the rental of land. (See J. S. Mill, Land Tenure Reform Association, 1870.)

Resolved, That Congress should require all railroads subject to its jurisdiction to adopt a block signal system.

Resolved, That Federal government officials should be empowered to investigate all accidents on interstate railroads involving loss of life, and should be required to publish the results of the investigations.

Resolved, That the powers of the bureau of corporations be extended to cover interstate transactions in insurance.

Resolved, That the Interstate Commerce Commission be empowered to revise rates on interstate railroads, the revised rate to go into effect at once and to stay in effect unless and until revised by the court of revi

Resolved, That trust c lowed to incorporate under the Federal law on submit to Federal supervision.

Resolved, That the Federal government should henceforth only rent land to settlers, not give it away or sell it.

Resolved, That the Federal government should undertake, by establishing a "parcels post" in connection with the postal system, to do most of the business now done by the large express companies.

Resolved, That the Federal government should buy out the express companies and establish a "parcels post" system.

Resolved, That the legislature of Pennsylvania should appropriate money for a statue of Robert E. Lee, for the battle-field of Gettysburg.

Resolved, That the movement of the labor unions for the "closed shop" deserves the support of public opinion.

Resolved, That the Chinese Exclusion Act be extended to exclude the Japanese also.

Resolved, That it should be the policy of the United States to hold no territory permanently except with the purpose that it shall ultimately enjoy statehood.

Resolved, That any bonafide college student under 21 years of age, and having completed one year's work in good standing, be allowed to represent in athletics the institution at which such work has been done, regardless of any compensation he may previously have received for his athletic ability.

Resolved, That an amendment to the Constitution should be adopted "convening the first session of Congress within a few months after the election and compelling the second session to adjourn several days before the following election."

Resolved, That the Constitution should be amended to authorize the imposition of income taxes.

Resolved, That Corporations should be required to take out a Federal license before engaging in interstate commerce.

Resolved, That further restriction of immigration is undesirable.

Resolved, That the suffrage should be restricted by an educational qualification in Pennsylvania.

Resolved, That Representatives to Congress should be chosen

by a system of proportional representation. (See Ringwalt's Briefs on Public Questions.)

Resolved, That members of the legislature of Pennsylvania should be chosen by a system of proportional representation.

Resolved, That the legislature of Pennsylvania should pass a law doing away with the party square on official election ballots and providing that the names of candidates shall be grouped under the names of the offices to be filled.

Resolved, That each state should pass a law requiring every corporation created by its charter to allow any stockholder to have access at all reasonable times to the names and addresses of all the stockholders.

Resolved, That the United States should adopt the policy of renting instead of selling its public lands.

Resolved, That American cities should seek the solution of the street railway problem through private ownership and operation. (Question for the debates of the Triangular League, debated March 9, 1906.)

Resolved, That, if necessary, the Constitution of the United States should be amended to permit the passage of graduated income tax laws.

Resolved, That Mr. Bryan's proposal that the national government own the trunk railroad lines and the several states the lines within their borders deserves our support.

Resolved, That a ship subsidy bill should be passed by the present Congress.

Resolved, That National banks should be allowed to issue notes based on commercial assets, secured by a redemption fund, and regulated by a tax on circulation.

Resolved, That Cuba should be annexed if two-thirds of the voters in Cuba desire annexation.

Resolved, That the execution of Charles I. was not justifiable.

Resolved, That public libraries, museums and art galleries should be open on Sunday.

Resolved, That aside from the question of amending the Constitution, it is desirable that the regulating power of Congress

be extended over all corporations whose capitalization exceeds one million dollars.

Resolved, That the "honor system" should prevail in all examinations in the university.

Resolved, That women should be allowed to vote in Pennsylvania on conditions the same as apply to men.

Resolved, That a system of "industrial insurance" should be adopted by Pennsylvania. (See government report on compulsory industrial insurance in Germany.)

Resolved, That women who pay taxes should have the right to vote at municipal elections.

Resolved, That a permanent court of arbitration should be established by the United States and Great Britain.

Resolved, That any attempt on the life of the President of the United States should be punishable by death.

Resolved, That free public employment bureaus should be established by each state.

Resolved, That Porto Rico be given a territorial form of government.

Resolved, That the United States should extend considerably its influence for order in Central and South America.

Resolved, That large department stores are on the whole beneficial to the people.

Resolved, That persons convicted of felony should be disfranchised.

Resolved, That representatives to Congress should be eligible from any district within their own state. (Compare the custom in England.)

Resolved, That the administration of India by Warren Hastings was, on the whole, commendable statesmanship.

Resolved, That the United States should not have taken the Philippines from Spain.

Resolved, That party fealty should cease when unfit nominations are made.

Resolved, That state prohibition has failed to benefit the people of Kansas.

Resolved, That the United States should assume responsibility for the preservation of order in the South American republics.

Resolved, That the select council of Philadelphia should be elected by citizens who pay taxes other than the poll tax and the occupation tax.

Resolved, That the interests of the country demand legislation against "trusts."

Resolved, That all goods, the price of which is controlled by a single capitalist or combination of capitalists, should be admitted free of duty.

Resolved, That in times of depression cities should give work to the unemployed.

Resolved. That vivisection should be prohibited by law.



GENERAL INDEX

TO INTERCOLLEGIATE DEBATES, VOLS. I., II., AND III.

PAGE

ALASKAN CONSERVATION ..... Vol. II. 261
ALDRICH MONETARY PLAN ..... Vol. III. 359, 362, 370
ANNEXATION OF CUBA ..... Vol. I. 391
Affirmative 391, 393, 395
Negative 396, 398, 399
Annexation of Cuba
America responsible for Cuba 392, 396
Bibliography 401
Cuban independence 392, 396-7, 400
Cuba's prosperity 398
Cuban rebellion 397
Economic basis for 391-2
Necessary to the world's business interests 394, 396
Not desired by America 398
Not a military necessity 399
Protectorate a failure 392, 395
APPOINTMENT VS. ELECTION OF JUDGES ..... Vol. I. 345
Affirmative 345, 347
Negative 350, 356
Appointment vs. election of judges
Appointment by executive or legislature subordinates judiciary 353
Appointment fixes responsibility 346
Bibliography 363
Courts, the highest power over legislation 352
Dangers of appointment 354
Election educational 355
Election dangerous 347-8, 360
Election is democratic 351-2
Executive will choose better men than electors 346
Historical sketch of appointment plan 350
Independence of judges 348
Length of term 348, 356, 362
Non-Partisan nominations 357
Politics and judges 359
Present state systems of choosing judges 351

PAGE

APPRENTICES IN LABOR UNIONS ..... Vol. III. 212
ARMED INTERVENTION FOR THE COLLECTION OF DEBTS .... Vol. I. 223
Affirmative 223, 226, 229, 231
Negative 233, 235, 236, 238
Armed Intervention
and Monroe Doctrine 229
and world peace 226, 228, 230
Arbitration 226-7, 230, 234
Bad policy 223
Beneficial policy 237
Bibliography 239
Case of 1903 226
Causes delay in payment 224, 228
Definition 223, 233-4
Encourages conquest and aggression 229
Is illegal 225
Strong vs. weak 224
The Hague Conference law 226, 235
Unjust claims 224-5
Unjust use of power 224
Venezuela 230, 232, 234, 235
ASSET CURRENCY (see Central Bank) ..... Vol. I. 191
Affirmative 191, 192, 194
Negative 194, 196
Asset Currency
Bank reserves ..... 19.
Bibliography 197
Currency redemption 194
Elasticity of 192
Need of 192-3, 195
Safety of 193, 195
Suffolk System 192

BANKING (See Asset Currency, Central Bank, Guarantee of Deposits, Bank Notes.)
BANK NOTES SECURED BY COMMERCIAL PAPER ..... Vol. I. 34
Affirmative 1, 8, 13, 32
Negative 17, 22, 27, 32
Bank Notes
Asset currency 2, 28
Bank failures 11, 20
Bibliography 34
Bonds, bond system 1, 4, 5, 13, 23, 24, 25
Canadian system 4, 6, 11, 14
Credit currency 20
Plan for 9, 14, 18

PAGE
Currency stability 8, 9, 28
Discount rate 12
Elasticity 3, 5, 7, 23
English system 22, 23
National bank notes 1, 13
Panic, cause of 18, 21, 33
Panic of 1907 4
Speculation 19
Suffolk system 15, 16, 19
BIBLIOGRAPHY AND REFERENCES ..... Vol. I. xi 34, 55, 89, 107, 123, 137, 143, 159, 186, 197, 219, 239, 258, 290, 297, 321, 341, 363, 372, 386, 401, 431, 437, 476, 495. Vol. II. 52, 121, 181, 229, 279, 313. Vol. III. 38, 76, 183, 226, 308, 337, 384.
BRIBERY AND GRAFT. Vol. I. 475. Vol. II. 289, 298, 349, 355-6. Vol. III. 4-5, 14, 24, 30, 355-6.

CANADA ..... Vol. I. 4, 6, 11, 14, 450. Vol. III. 344, 368, 369, 372, 381.
CARD INDEX ..... Vol. I. xi-xii. Vol. II. xiv
CHILD LABOR ..... Vol. I. 440
CONSTITUTIONALITY ..... Vol. I. 46
CENTRAL BANK ..... Vol. I. 325. Vol. III. 341
Affirmative ..... Vol. I. 325, 328, 330. Vol. III. 341, 350, 359, 362
Negative ..... Vol. I. 333, 336, 339. Vol. III. 367, 373, 379
Central Bank
Aldrich plan ..... Vol. III. 359, 362, 370
and Congress ..... Vol. I. 334
and fiscal system of U. S. ..... Vol. III. 350, 352-3, 356
and gold standard ..... Vol. I. 330, 331
and good business method ..... Vol. III. 343, 351, 354
Asset currency ..... Vol. I. 2, 28, 191, 332. Vol. III. 356
—need of ..... Vol. I. 192-3, 195
—safety of ..... Vol. I. 193, 195
Bank failures ..... Vol. I. 11, 20
Bank growth and public confidence ..... Vol. III. 374-5
Bank reserves 345, 368, 382
Bibliography ..... Vol. I. 34. Vol. III. 384
Bond Currency (see Nat. Bk. Notes) ..... Vol. I. 331
Bonds, and bond system (see Nat. Bk. System) ..... Vol. I. 1, 4, 5, 13, 23, 24, 25, 32
Canadian system ..... Vol. I. 4, 6, 11, 14. Vol. III. 344, 368, 369, 372, 381
Credit Currency (See Asset Currency) Vol. I. 20. Vol. III. 342, 358
—plan for ..... Vol. I. 9, 14, 18
Currency redemption ..... Vol. I. 194
Currency stability ..... Vol. I. 8, 9, 28

PAGE
Currency system, the present..... Vol. III. 342-3, 374
Dangerous tyranny..... Vol. III. 371, 372, 378
Definition ..... Vol. III. 359-60-61
Discount rate..... Vol. I. 12. Vol. III. 349
Distribution of public funds..... Vol. III. 355
Elasticity.....Vol. I. 3, 5, 7, 23, 192, 327. Vol. III. 344, 368, 369, 380, 381.
Emergency currency, Treat plan ..... Vol. III. 381
English bank..... Vol. I. 22, 23, 332, 339, 340. Vol. III. 369, 372
French Bank..... Vol. III. 356, 372
German bank.....Vol. I. 332, 339, 340. Vol. III. 356, 372
Government control of..... Vol. I. 336, 338, 339
Government extravagance.....Vol. III. 343
Government indebtedness.....Vol. III. 342,343
Historical sketch, national banks.....Vol. I. 325
In politics..... Vol. III. 357, 376
Lack of confidence in, present system.....Vol. I. 326-7
Lack of control in present system..... Vol. I. 326-7
Lack of coöperation in present system.....Vol. I. 326-7
Monopoly control .....Vol. III. 358, 361, 377
National bank notes.....Vol. I. 1, 13. Vol. III. 342, 344
National bank system.....Vol. III. 354,375
New York.....Vol. III. 377
Panics.....Vol. I. 4, 18, 21, 33, 309, 319. Vol. III. 349, 367
Panic of 1907.....Vol. I. 4. Vol. III. 353
People do not want a central bank..... Vol. III. 370
Plan for.....Vol. I. 328. Vol. III. 347, 373, 376
Pork barrel method of distributing government funds
..... Vol. III. 355-56
Seasonal demand for money.....Vol. III. 343, 348
Second U. S. national bank.....Vol. III. 357, 371, 380
Sectional objection.....Vol. III. 371, 372, 377
Speculation.....Vol. I. 19
Suffolk system.....Vol. I. 15, 16, 19, 22, 193, 341
U. S. Treasury system.....Vol. I. 326, 330. Vol. III. 350, 353, 383
Webster and the treasury system.....Vol. III. 352
Will get into politics.....Vol. I. 335
Would create money monopoly.....Vol. I. 336
Would not work in the U. S.....Vol. I. 337
CENTRALIZATION OF POWER IN THE FEDERAL GOVERNMENT.
..... Vol. II. 250, 267, 278
CHICAGO..... Vol. III. 5, 8, 18, 324, 325, 354
CLOSED SHOP. (See Labor)
COLORADO TRIPLE PROJECT.....Vol. II. 257
COMMISSION GOVERNMENT..... Vol. I. 461. Vol. II. 335. Vol. III. 1
Affirmative..... Vol. I. 461. Vol. III. 1, 7, 13
Negative.....Vol. I. 465, 471. Vol. III. 19, 25, 31

PAGE

Commission Government
Analogy with federal government....Vol. III. 2, 4
and checks and balances....Vol. I. 473. Vol. III. 23
and civic duty....Vol. III. 21
and Initiative and Referendum....Vol. I. 474
and recall....Vol. III. 12
and social conditions....Vol. III. 31
and ward system....Vol. III. 8, 9
Bibliography....Vol. I. 476. Vol. III. 38
Business government under....Vol. III. 4, 5, 6, 11, 14, 22
Centralization of power under....Vol. III. 22
City a corporation (see Business Government) .... Vol. I. 464
Definition of....Vol. III. 1
Democracy of.... Vol. I. 467, 472, Vol. III. 16
Efficiency of, in administration....Vol. III. 9, 25, 29
—in legislation....Vol. III. 28
Evils of present system....Vol. I. 463
Experience in, Cedar Rapids....Vol. III. 14, 16
of Des Moines....Vol. I. 468. Vol. III. 10, 14
of Galveston....Vol. I. 461...Vol. III. 10
of Haverhill, Mass....Vol. III. 14
of Houston, Tex....Vol. I. 462. Vol. III. 14
Experience of Chicago under present system....Vol. III. 5, 8, 18
Fusion and separation of functions of government....Vol. III, ...28, 30, 32, 36
Gets efficient men for office....Vol. I. 464
Graft ....Vol. I. 475. Vol. III. 4-5, 14, 24, 30
Historical sketch of....Vol. I. 466
Indiana plan of municipal government....Vol. III. 33
Party politics under....Vol. III. 7, 26, 27
Public utilities under....Vol. III. 15
Responsibility under.... Vol. I. 475. Vol. III. 4, 11
versus Mayor and council system....Vol. I. 467
CONSERVATION....Vol. I. 443. Vol. II. 159, 186, 227, 235
Affirmative....Vol. II. 235
Negative....Vol. II. 253
Conservation Vol. II.
Alaskan.... 261
and emigration and immigration.... 266
Bibliography 279
by federal government.... 236, 238, 242, 244, 248, 250, 256
by states.... 237, 254, 258, 263, 267, 277, 285
Colorado Triple Project.... 257
Definition 235
Franchise tax.... 264
Natural resources belong to all the people.... 236
Reclamation projects.... 243

PAGE

Table of products 255
Water power 245
CUBA (See Annexation)

DEBATING . . Vol. I. Introduction. [Vol. II. Introduction and Appendixes
Audience, debating for the ..... Vol. I. xvii, xviii, xix
Bibliography of ..... Vol. II. 483
Briefs ..... Vol. I. vii
—careless methods in ..... Vol. I. viii
Card indexes ..... Vol. I. xi, xii. Vol. II. xiv
Choosing the team ..... Vol. II. xviii
Committed speeches ..... Vol. I. xiii. Vol. II. x
Decisions, prejudiced ..... Vol. I. xviii, xxiv. Vol. II. xix
Delivery ..... Vol. I. xxii. Vol. II. xiii
Effectiveness ..... Vol. I. xvii, xviii
Extempore speaking ..... Vol. II. xiii
Honesty in ..... Vol. II. xvii
Honor societies ..... Vol. II. xviii
Judges ..... Vol. I. xxiii. Vol. II. xix
Keeping records of ..... Vol. I. xxvi. Vol. II. xi
Leagues ..... Vol. I. xxvi. Vol. II. xxi, 751
Methods in ..... Vol. I. xii, xiii. Vol. II. ix
Organizations ..... Vol. I. xxvi
Point of view ..... Vol. II. xvi
Questions ..... Vol. I. viii, xxi. Vol. II. xx. Vol. II. 413, 431
—choice of ..... Vol. I. ix, x
—uneven ..... Vol. I. xxiii, xxiv
Reduction ..... Vol. I. xx. Vol. II. x
Some faults in ..... Vol. I. xv, xv. Vol. II. x, xi, xii, xiii
Status of ..... Vol. I. xxi
Suggested changes in procedure ..... Vol. I. xx, xxi. Vol. II. viii
Tournaments ..... Vol. I. xxvii. Vol. II. 413
[illegible] ..... Vol. III. 43
Affirmative ..... Vol. III. 43, 52, 72. 71
Negative ..... Vol. III. 70
[illegible]
and [illegible] 48, 58, 49, 50, 52, 57. 71
and [illegible] 48
and delegate system 45
and [illegible] 75
and the machine 53
and strength of party 74
and the vote 75
Bibliography 79
[illegible] 47, 55, 56. 77
[illegible], in 82
[illegible] in 58, 75, 74. 73

PAGE

Definition of 44
Education in government 64, 66
Gets the best candidates 59, 60
Gives control to the people 55, 57, 59, 69
Gore, Senator, on 62
Hughes, Justice, on 58
In the city 68, 73
Merriam, C. E., on 57, 69
Nomination system better 56, 57, 58, 72
Party caucus 48
People demand it 61
Primary laws in force (States) 42, 64, 74
Roosevelt on 62
Van Sant on (Ex. Gov. Minn.) 59

ENGLAND ..... Vol. I. 22, 23, 115, 116, 332, 339, 340, 421. Vol. II. 77, 98, 100, 112, 116. Vol. III. 128, 148, 158, 169, 172.

FEDERAL CHARTER (See Interstate Commerce)
FRANCE ..... Vol. I. 423. Vol. III. 356, 372
FREE TRADE ..... Vol. II. 168, 178

GERMANY ..... Vol. I. 332, 339, 340. Vol. III. 356, 372
GOVERNMENT ..... Vol. I. 435. Vol. III. 241
Education in ..... Vol. I. 76. Vol. II. 340, 359. Vol. III. 64, 66
Government Ownership of Coal Mines ..... Vol. I. 435
Affirmative 435, 438, 441, 444, 446
Negative 448, 449, 451, 453
Abuses of coal trust 440-1
and conservation 443
and control by commission (Canadian plan) 450-2
and individual initiative 451
and leasing system 442, 456
and national debt 444
Bibliography 457
Cost of buying mines 444, 448
Price of coal 440, 452
Railroad and coal mine owner 455
Regulation, state 438
—federal 439, 447
Socialistic 446
Trust proposition 435, 436
—Northern securities case 437
—Sherman anti-trust law 437
Waste in mining 439, 449
Municipal Government (See Commission Government)

PAGE

Parliamentary vs. Presidential....Vol. I. 367. Vol. III. 241
Affirmative..Vol. I. 367, 368. Vol. III. 241, 248, 256, 264, 266, 271
Negative. Vol. I. 369, 370, 372. Vol. III. 274, 283, 291, 298, 301, 305
Parliamentary Government
and issues....Vol. III. 294
and judiciary....Vol. III. 289
and the minority....Vol. III. 265, 293
and principles....Vol. III. 294
and the recall....Vol. III. 259
and suffrage....Vol. III. 265, 267
Bibliography....Vol. I. 372. Vol. III. 308
Can be more quickly adjusted to a crisis....Vol. I. 371
Checks and balances.. Vol. I. 368. Vol. III. 255, 267, 275, 280, 281
Definition....Vol. I. 369. Vol. III. 241, 242, 274
Distinguished from Presidential....Vol. III. 243, 257, 275
Efficiency of....Vol. III. 256, 260, 283
Elasticity of....Vol. I. 370
Enables the people to fix responsibility....Vol. I. 371
Factional legislation....Vol. III. 288, 301, 304
Fusion and diffusion of elements of gov't....Vol. III. 257, 268, 272
.... 286, 287, 291, 292
Harmony of action....Vol. III. 260
Hasty legislation....Vol. III. 286, 302, 303
Ministry system....Vol. III. 245, 246, 257
More efficient....Vol. I. 372
Political parties and the ministry....Vol. III. 245-6,
.... 258-9 260, 269, 278, 284, 288, 300
Responsive to the will of the people....Vol. III. 246, 249, 253,
.... 268, 270, 296
Responsibility is fixed....Vol. III. 251
Stability of....Vol. III. 245, 264
Tenure of office....Vol. III. 250, 268, 285
Presidential form
and compromise....Vol. III. 269
and democracy....Vol. III. 302
Checks and balances....Vol. III. 255, 267, 275, 280, 281
Committee legislation system....Vol. III. 252, 307
Defense of presidential form....Vol. I. 367
Fixed term under....Vol. III. 250, 268, 285
Party system under....Vol. III. 258
Stability of....Vol. III. 277, 279, 288, 305
Guaranty of Bank Deposits....Vol. I. 375
Affirmative....385, 398
Negative....312
Guarantee of Bank Deposits
Advantages of....398
and banks....398, 399

PAGE

Banks are public service corporations 306
Bibliography 321
Experience, of New York 316
—of Michigan 317
—of Virginia 317
—of Oklahoma 318
Historical sketch of 305
Increases deposits 310
Oklahoma law, constitutionality of 319
Plan for 311
Socialistic 320
Theory of deposits 307
Theory of guarantee 307
versus good management 314, 315
Wildcat banking 311
Wrong in principle 313

IMMIGRATION ..... Vol. I. 165
as a labor factor ..... Vol. III. 112, 141, 161, 193, 235
Affirmative ..... Vol. I. 165, 170, 174
Negative ..... Vol. I. 177, 181, 183
Immigration. Vol. I.
Bibliography 186
Congregate in slums 171, 180
Demand for labor 177, 178
Depresses wages 170
Distribution of 171
Educational test 167, 169, 173, 178-9, 181
—Advocates of 176
—Plan for 174
Illiteracy 178-9
Inspection plan 184
Physical test 185
Report, Labor commission 182-3
—Senate commission 176
Restriction, history of 165, 166
—need of 166, 168, 184
—political reason for 167
—social and economic need of 168
Undesirables 172, 180
INCOME TAX ..... Vol. I. 93. Vol. II. 1
Affirmatives .... Vol. I. 94. Vol. II. 1, 12, 17, 20, 22, 59, 64, 71, ... 78, 81, 85
Negative ..... Vol. I. 99. Vol. II. 24, 32, 40, 46, 48, 51, 89, 94, ... 102, 111, 114
Income Tax
As a war tax ..... Vol. II. 28, 29, 47

PAGE

Best tax for business..... Vol. I. 96, 98, 103
Bibliography..... Vol. I. 107. Vol. II. 52, 121
Catches professional and leisure class.....Vol. I. 97
Civil war tax.....Vol. I. 93, 102. Vol. II. 9, 37, 83, 108
Class legislation.....Vol. I. 103, 104. Vol. II. 43
Collection of (See stoppage at Source and Self-assessment) Vol. II. 34, 35, 75, 85, 117
Constitutionality of.....Vol. I. 93, 94, 106. Vol. II. 2
Countries having it.....Vol. II. 59, 73
Direct tax..... Vol. I. 100. Vol. II. 4, 27, 28, 49
Double taxation.....Vol. II. 79
Drives away capital.....Vol. I. 103. Vol. II. 73
Emergency measure.....Vol. II. 21, 61, 79
Encourages governmental extravagance.....Vol. II. 40, 42, 92
English experience.....Vol. II. 77, 98, 100, 112, 116
Evasion of.....Vol. I. 100, 101. Vol. II. 67, 71, 84, 85
Financial necessity..... Vol. II. 7, 30, 46, 60, 78, 89, 95, 104
Gladstone on.....Vol. I. 101
Graduated.....Vol. II. 57
—Plan for..... Vol. II. 66, 77, 85, 97, 98, 106, 119
Impracticability of.....Vol. II. 21, 23, 81, 96, 102, 116
Inquisitorial features of..... Vol. I. 100. Vol. II. 38, 39
Justice of....Vol. I. 95, 98. Vol. II. 62, 72, 95, 104, 107, 110, 118
Popularity of ..... Vol. I. 100
President Taft on..... Vol. II. 5
Prussian tax.....Vol. II. 119
Self-assessment or personal declaration.....Vol. II. 35, 47, 101
Shifting of burden or incidence.....Vol. II. 120
Stoppage of, at source.....Vol. II. 8, 22, 47
Supreme Court decision.....Vol. I. 93, 94, 106
Undemocratic.....Vol. I. 104, 105, 106. Vol. II. 79
INITIATIVE.....Vol. III. 25, 31
INITIATIVE AND REFERENDUM Vol. I. 67. Vol. II. 283. Vol. III. 12, 297
Affirmative.....Vol. I. 67, 70, 75. Vol. II. 283, 288, 292
Negative.....Vol. I. 78, 81, 85. Vol. II. 296, 302, 307
Initiative and Referendum
Amendment in considering legislation not provided.....Vol. I. 88
and bribery.....Vol. II. 289, 298
and the constitution.....Vol. II. 301, 307
and the courts.....Vol. II. 310
and the legislature.....Vol. II. 290, 297
and popular will.....Vol. II. 291, 305
and the short ballot.....Vol. II. 299
Bibliography.....Vol. I. 89. Vol. II. 313
Conditions do not demand it.....Vol. I. 80
Conflicting interests demand supplement to legislative system .....Vol. I. 71.

PAGE

Dangerous to the equilibrium of the three departments of government ..... Vol. I. 85
Definition ..... Vol. I. 67, 79. Vol. II 283
Democracy of ..... Vol. I. 70. Vol. II. 284, 289
Destructive of representative government ..... Vol. II. 311
Diffuses responsibility ..... Vol. I. 83
Does not meet needs ..... Vol. I. 81, 82
Education in government ..... Vol. I. 76
Emergency laws under ..... Vol. I. 73, 84
Encourages class legislation ..... Vol. I. 87
Multiplicity of careless legislation under ..... Vol. I. 75
Obliterates distinction between constitutional and statute law ..... Vol. I. 86
Optional referendum ..... Vol. I. 72
Oregon experience ..... Vol. I. 77, 81. Vol. II. 293
Plan for ..... Vol. I. 72, 75
Public opinion ignored in present system ..... Vol. I. 71, 82
Reasons for in New York ..... Vol. II. 293
Reasons against in New York ..... Vol. II. 297, 305
Simplifies elective system ..... Vol. I. 77
Too radical ..... Vol. II. 298
Weakens legislature ..... Vol. I. 82
Weakness in the representative system ..... Vol. I. 69, 71

INJUNCTION AND FEDERAL COURTS — LABOR DISPUTES ..... Vol. I. 129
Affirmative 129, 130, 131
Negative 132, 134, 135

Injunction
Abuse of 133
Accelerates justice 131-2
Bibliography 137
Boycott 129, 133, 134
Buck's Stove case 132
Chief Justice Shepherd on 135
Danger of 136
Primary boycott and strike 134
Roosevelt on 133
Taft on 134
Usurpation of power under 135-6
Writ of 130

INTERSTATE COMMERCE CORPORATIONS, FEDERAL CHARTER FOR ..... Vol. I. 39
Affirmative 39, 41, 43, 44, 45, 46
Negative 47, 48, 51, 52, 53, 54

Federal Charter
and taxation 52
Bibliography 55
Centralization of power under 43, 47, 48

PAGE
Constitutionality of 46, 52
Diversity of laws 41
Double control 42, 43
Federal and state friction 42
Monopoly 49
Overcapitalization 49
Present system fails 40
—Evils of 40, 41, 42, 43
Publicity, effect of 49, 50
Radical departure 47
Recapitalization, difficulties of 47
State incorporation 40
State rights 46, 52, 53

JUDGES (See Appointment) ..... Vol. I. 345. Vol. III. 75, 289
JURY DECISION BY THREE-FOURTHS OF THE MEMBERS .. Vol. III. 313
Affirmative 313, 314, 315
Negative 317, 323, 330
Bibliography 337
Contrast between American and English systems 326-7-8
Decision in civil suits 318
Delay in procedure of court 327, 332
Effect of skilled council on jury 334
Hung juries 320
Impanneling the jury, method of 325-6, 332
Needless appeals 328
Police system 324
Proficiency of jurymen 333
Unanimity and crime 322, 332
Unanimity safer 321

LABOR UNION ..... Vol. I. 201. Vol. III. 103
Are labor unions beneficial ..... Vol. I. 201
Affirmative 201, 205, 208
Negative 211, 213, 215
Advantages of capital 202
Bargaining power of 202-3
Bibliography 219
Boycott 215
Cause false equality in labor 212
Causes inferior product 216
Closed shop 214
Coercion 213
Definition 201
Eight hour day 204, 205, 207, 216

PAGE
Engenders class spirit ... 212
Historical sketch of labor ... 202
Incorporation of labor unions ... 213
Labor union principles ... Vol. III. 188
Lawlessness ... 217
Limitation of apprentices ... 212
Limitation of products ... 216
Opposed to machinery ... 213
Picketing ... 215
Places laborers on the same plane ... 212
Report of U. S. Industrial Commission ... 206, 207, 210
Restriction of skilled workmen ... 213
Social significance of ... 208, 209, 217
Strikes ... 214, 215
—sympathetic ... 215
Violence ... 215
Wages ... 203, 204, 205, 206, 217, 218, 219
Workingmen's insurance ... 207, 208
Closed shop ... Vol. I. 214
Closed shop vs. open shop ... Vol. I. 261. Vol. III. 185
Affirmative .. Vol. I. 261, 268, 274, 282, 285, 288. Vol. III. ... 187, 193, 200
Negative ... Vol. I. 264, 270, 276, 280, 283, 286. Vol. III. ... 206, 213, 219
Closed shop
and compulsory membership ... Vol. I. 278. Vol. III. 215-16
and efficiency ... Vol. III. 196, 202
and industrial peace ... Vol. III. 204
and standard of living ... Vol. I. 270. Vol. III. 189-90
and unemployment ... Vol. III. 214-15
Apprentices limitation of ... Vol. I. 283. Vol. III. 212
Benefit to consumers ... Vol. III. 205
Benefit to employer ... Vol. I. 275. Vol. III. 201, 202, 203-4
Benefit to the workingman ... Vol. III. 198
Bibliography ... Vol. I. 290. Vol. III. 226
Coal strike commission award ... Vol. I. 264
Collective bargaining ... Vol. I. 272. Vol. III. 201, 202-3-4
Conditions contrasted in open and closed shops ... Vol. III. 203
Definition ... Vol. III. 187
Dictation to employer ... Vol. I. 265, 273. Vol. III. 222
Employers' associations ... Vol. I. 287. Vol. III. 191
Evils of ... Vol. I. 265-6, 281
Exclusion ... Vol. I. 278, 285. Vol. III. 211
Immigrant labor ... Vol. III. 193
Individual right of contract ... Vol. I. 282. Vol. III. 196, 218
Injustice to the public ... Vol. III. 224
Is fair ... Vol. III. 201

PAGE
Legality of....Vol. I. 274, 282. Vol. III. 221
Membership of union, restriction of....Vol. I. 264, 268, 270, 274 ..... 279. Vol. III. 212, 217
Monopoly of labor.....Vol. I. 279. Vol. II. 250. Vol. III. 208
Necessity of.....Vol. I. 262, 272, 275. Vol. III. 188, 190
Non-union man, competition of.....Vol. I. 271
—his wages.....Vol. III. 192
—per cent. foreign.....Vol. III. 195
Open, union, and closed shop.....Vol. III. 216-7
Output, restriction of.....Vol. I. 267, 276-7. Vol. III. 210
Percentage of union labor unskilled.....Vol. III. 194
Violence under.....Vol. I. 261, 266-7, 280, 284. Vol. III. 209-10
Wages under.....Vol. I. 269, 274, 275

MINIMUM WAGE.....Vol. III. 83
Affirmative..... 83, 93, 107, 116, 124, 135, 138, 142,
Negative..... .....147, 156, 164, 174, 177, 179
Minimum wage
and child labor..... 86
and economy of production..... 120-1
and equality of opportunity..... 513
and morality..... 111-12, 114, 143
and price of product..... 101, 154, 176
and unemployed..... 153
Australian plan of..... 91, 120, 142, 164
Benefits to the employer..... 99
Bibliography..... 183
Charts on..... 132
Constitutionality of..... 145, 168, 171, 180
Definition..... 83, 108
Driving out industries..... 155, 160
Economic and labor authorities favoring..... 92-3
Elasticity of..... 140, 157
English plan..... 128, 148, 158
Government prerogative..... 102, 122, 166
Immigration under..... 141, 145, 166
Intimidates capital..... 155, 160
Law of supply and demand..... 90
Mobility of labor..... 143
Necessity of..... 136, 150
Opinions on..... 128, 131, 152, 159, 169, 170-1, 178
Parasitism..... 109
Plans of..... 94-5, 119, 126
Practicability of..... 137
Protects laborer..... 92
States proposing laws..... 96

PAGE

Sweat shop 84, 148
—and disease 86, 100
—and organized labor 89
—and present law 90, 91
—and wages 85, 88, 89, 97
Wage boards 95, 97, 120, 126
Wages and standard of living 97, 125, 135, 150, 156, 159, 174-5
Wage, the living 108, 117, 118, 125
—Maximum and minimum 98, 128, 142, 153
—Theory of 115, 117, 163

NATIONAL BANKS ..... Vol. III. 342, 344, 354, 357, 371, 375, 380
NAVY, AN INCREASED ..... Vol. I. 293
Affirmative 293, 294, 295
Negative 295, 296
Bibliography 297
Definition 293
Money needed for other things 297
Necessity of 294-5
Sufficient now 295-6
Weakness of the navy 294
Will make for peace 295
NEW YORK ..... Vol. III. 325, 353, 377
NOMINATIONS (See Direct Primary.)

OREGON ..... Vol. II. 293, 311, 334

PANICS ..... Vol. I. 4, 18, 21, 33, 309, 319, 484, 492-3. Vol. II. 193. ..... Vol. III. 349, 353, 377
PARLIAMENTARY vs. PRESIDENTIAL (See Government)
POPULAR ELECTION OF SENATORS ..... Vol. I. 377
Affirmative 377, 379
Negative 381, 383, 384
Bibliography 386
Cost of campaign 383
Deadlocks 378, 380, 382
Direct election conservative 379
Direct election efficient 380
Direct primary as substitute 380
Evils of legislative choice 378, 381
Legislative election has failed 378
Remedy for present evils 385
Would change the character of the Senate 384
Would destroy checks and balances 384
Would increase corruption 383
POSTAL SAVINGS BANK ..... Vol. I. 481

PAGE
Affirmative 481, 482, 483, 484, 485, 486
Negative 487, 488, 490, 491, 492, 494
and panics 484, 492, 493
Bibliography 495
Centralizes investment power 489
Competition with present banks 483, 488
Encourages small depositors 482
Government could not invest funds 490
Government funds (including savings' bank) not liable to attachment 489
Increases thrift 482, 491
Necessity for 481, 487
Will stop hoarding 482, 488
Would benefit only Wall Street 491, 492, 493
PRIMARIES (see Direct Primaries)
PROTECTIVE TARIFF (see Tariff)
PROPERTY TAX (see Tax)

RAILROAD DISCRIMINATION IN RATES ..... Vol. I. 49
RAILROADS, FEDERAL CONTROL OF ..... Vol. I. 147
Affirmative 147, 148
Negative 151, 155
Bibliography 159
Capitalization of railroads 148, 149, 153
Centralization of power 154
Federal license system 156
License vs. charter 157
Insures just taxation 148, 151
Interstate commerce commission 155
National problem 147, 150
Necessary for rate regulation 148, 154
Pooling 150, 153
Rebates 153
RAW MATERIAL, ADMISSION FREE ..... Vol. II. 185, 160
Affirmative 185, 196
Negative 207, 216, 227
and compensatory duties 201
and conservation 186, 227
and double protection 204
and labor 188, 205
and prices 203, 214, 221
and reciprocity 194
and shifting of import tax 189, 190
Bibliography 229
Cheapens manufactured products 189, 224
Definition of 185, 217
Increases foreign trade 193

PAGE

Is an unjust discrimination 222
Means increased tariff on finished product 218, 219
Not a principle of the democratic party 208
Other countries tax raw material 229
Theory of 187, 197
RECALL OF JUDGES ..... Vol. II. 366
Affirmative 369, 377, 383
Negative 389, 396, 401
THE RECALL
and caprice and popular clamor 385, 399, 403-4
and people and constitutional government 379, 399
and rights of the minority 400
cannot trust people 380
Corruption of the judiciary 371, 391
Definition of 370, 389
Delay in courts 375, 393
Election under Recall confuses issues — puts enemies on the jury 398
English system 386
Evils of — Elective system 391
— Appeal system 393
— Antiquated procedure 393
— Remedy for 406
Experimental 388
Experience of California 387
Experience of Kentucky 404-5
Experience of Oregon 387, 394, 405
Forces judge into politics 402
History of 369
Independence of judges 397, 398, 403
Inefficient judiciary under 402
Inequality in justice 371, 373
Interpretation of the question 369-70, 390
Judicial legislation 374
Judicial oligarchy 374
Justice of the Recall 377, 396
Just to the people 379, 399
Just to the judge 377-78, 396, 397
Makes office unattractive 402
Massachusetts system 406
Nature of the judiciary 396-7
Need of the Recall 371
Negative fallacies 377
Potential value of 385
Power in the hands of corrupt interests 393
Practicability of 383, 391
Protects the judge 378, 397-9

PAGE

Rich and poor in litigation 371, 373
Rule of majority 380, 385, 399, 403
Sacredness of the judiciary 381, 396-7
Successful in practice 386, 394
Swiss system 387
Unfair trial for judge 397-8
Unsafe 402
Usurpation of courts 374, 384
Vindicates judge 378, 397
Would be overworked 382, 385
Would remedy evils 383, 391
RECALL OF OFFICIALS ..... Vol. III. 12, 259
REVENUE, INTERNAL ..... Vol. II. 17, 91, 112
Stability of ..... Vol. II. 111, 112
Tariff ..... Vol. II. 15, 18, 30, 62, 63, 71, 72, 86, 92, 113, 225

SENATORS, POPULAR ELECTION OF (see Popular Election) .. Vol. III. 252
SHIP SUBSIDY ..... Vol. I. 405
Affirmative 405, 410, 413, 416, 417, 418
Negative 420, 424, 427
and free trade and protection 422, 427, 428
and free material 429
and revision of navigation laws 430, 431
and ship insurance 430
Bibliography 431
by discriminating duties 411, 416, 418
Definition 405, 406
English merchant marine 421
Expense of 418
Extent of American shipping 405, 406
Foreign ships carry American trade 405, 406, 407
—Evil of 407
Foreign subsidies 410, 421
France 423
Germany 423
Merchant marine a naval resource 407, 415
Merchant marine furnishes labor a new occupation 414
Merchant marine would train sailors for navy 408
Must protect shipbuilding industry 409
Navy lacks colliers and transports 408
Permanent or temporary subsidy 426
Plan for 411, 412
Produces inefficiency 425
Size of marine 406, 408
Subvention, cargo 414, 419
—mail 421, 422
Table — U. S. and Japan 412, 413

PAGE

Will give independence from foreign shipping combinations 415
Will increase our foreign trade 415, 425
SHORT BALLOT ..... Vol. II. 299. Vol. III. 7
Affirmative ..... Vol. II. 319, 326, 332
Negative ..... Vol. II. 337, 346, 354
Appointive system 332, 341, 348, 350
Bossism 324, 347
Cabinet plan for the state 333
Candidate's acquaintance with 321, 328
Democracy of 338
Education in government, deprives people of 340, 359
Efficiency of, in government 326
Experience of, in Kansas local government 344
—in Kentucky 349
—in New Jersey 355
—in New York 349, 355, 356
—in Pennsylvania 355
—in Philadelphia 349
—in Pittsburg 358
In county 334
In commission government 335
Long ballot, difficulty of 321
Minor offices under 327
Position on ticket 323
Responsibility under 330-1
Technical offices under 329
SUFFRAGE, EDUCATIONAL ..... Vol. I. 243
Affirmative 243, 246, 249
Negative 250
and compulsory education 253
and illiterate voter 244
Bibliography 258
Class government 251, 252
Constitutionality 243, 244, 251, 252
Encourages education 244
Enfranchisement of the negro 248
Fallacy of educational test 257
Immigrant affected by 245
Raises standard of citizenship 246
Universal suffrage a political expedient 255
Voting power a right 254

TARIFF (see Raw Material, and Income Tax) .. Vol. I. 111. Vol. II. 149
Abandonment of protective
Affirmative ... Vol. I. 111, 114, 116, 118. Vol. II. 149, 155, 160
Negative ..... Vol. I. 119, 120, 121, 122. Vol. II. 165, 171, 176
Protective tariff

PAGE
and business....Vol. I. 113, 115, 120, 121
and cheap labor....Vol. I. 117. Vol. II. 173, 191
and conservation....Vol. II. 159, 186, 227
and free trade....Vol. I. 115, 122. Vol. II. 168, 178
and high prices....Vol. I. 117. Vol. II. 171, 197-8
and reciprocity....Vol. II. 177, 194
Bartering and log-rolling....Vol. II. 198
Benefit to the laborer....Vol. II. 162, 173, 175
—to the farmer....Vol. II. 163
Bibliography....Vol. I. 123. Vol. II. 181
Cause of foreign boycott....Vol. I. 112, 114. Vol. II. 161
Drives out capital....Vol. II. 192
English experience....Vol. I. 115-6
Fosters trusts....Vol. I. 116, 122. Vol. II. 158, 204
German experience....Vol. I. 115-6. Vol. II. 179
Has accomplished its purpose....Vol. I. 112. Vol. II. 151
Principle of protection....Vol. I. 118. Vol. II. 165
Promotes prosperity....Vol. I. 117. Vol. II. 167
Protected industries sell cheaper abroad Vol. I. 118. Vol. II 155, 191
Tariff board....Vol. II. 176
TAX
Franchise tax, federal conservation....Vol. II. 264
Income tax (see Income)....Vol. II. 1, 24, 59, 89
Inheritance tax....Vol. I. 141
Affirmative.... 141
Negative.... 142
as revenue reform.... 142, 143
as social reform.... 141, 142
as state tax.... 143
Bibliography.... 143
Evils of inheritance.... 141
Necessity of.... 142
On rental value of land (Single Tax)....Vol. II. 127
Affirmative.... 127
Negative.... 128, 134, 140
Condemned by the Rhode Island tax commission.... 141
Definition.... 129
Inelastic.... 142
Not properly distributed.... 134
Is confiscation.... 139, 140
Taxation without consent of the taxed.... 143
Unjust to land owners.... 139, 142, 144
Value of land depends upon the community.... 135
Would depreciate value of land.... 137
Would disturb balance of property values.... 137
Would disturb commercial relations.... 139

Wrong in principle 133
Property tax ..... Vol. II. 13, 131
Assessment of 131
On tangible and intangible property 133

TAXATION ..... Vol. II.
Direct 4, 27, 195, 110
Indirect 19
Mill's theory 1
of corporations 14
Personality and property 13, 131
Principle of 1, 65, 66, 129
Say's theory 65, 66
Shifting the incidence 120, 199, 190, 263

WAGES (see Minimum Wage and Labor)
WATER POWER ..... Vol. II. 245

Intercollegiate Debates, Vol. II

EDITED, WITH AN INTRODUCTION, BY

EGBERT RAY NICHOLS

PROFESSOR PUBLIC SPEAKING, RIPON COLLEGE, WISCONSIN

CLOTH—$1.50 postpaid—OCTAVO

Two-thirds of the questions are *of now* in their origin as well as in their importance. Our current controversial literature accounts for the firm substance of the book. The discernment of professional coaches has contributed a most unique helpfulness—the form of speech and rebuttal that represents the master-science of the debate. *Two* INDEXES, one to this volume, and one to *all three volumes*.

CONTENTS OF VOL. II

Introduction (on the *art of debate*).

1. The Income Tax.
   Harvard *vs.* Yale and Princeton. Harv. Bibliog.
   Chicago *vs.* Michigan and Northwestern.
   Chicago Bibliography.
2. Tax on Income or Rental Value of Land.
   Brown *vs.* Williams and Dartmouth.
3. Abandonment of the Protective Tariff.
   Swarthmore *vs.* Franklin, Marshall and Penn. State.
   Swarthmore Bibliography.
4. Admission of Raw Material Free.
   Baylor University *vs.* William Jewell.
   William Jewell Bibliography.
5. Conservation of Natural Resources.
   Extract, Penn College (Ia.) Thesis. Bibliography.
6. The Initiative and Referendum.
   Colgate *vs.* Union and Hamilton. Bibliography.
7. The Short Ballot.
   Kansas University *vs.* Oklahoma University.
   Bibliography—Library of Congress.
8. The Recall of Judges.
   Cottner College *vs.* Bellevue, Doane, and Canton.
   Bibliography.

Appendix I. List Intercoll. Debating Organizations.
Appendix II. Record of Schools Engaged, etc.
Appendix III. Table of Number of Times, etc.
Appendix IV. List of General References.
Index to this Volume.
General Index to Volumes, I, II and III

Intercollegiate Debates, Vol. III

EDITED BY EGBERT RAY NICHOLS

PROFESSOR PUBLIC SPEAKING, RIPON COLLEGE, WISCONSIN

CLOTH—**$1.50 postpaid**—OCTAVO

CONTENTS OF VOL. III

Introduction (on the *art of debate*).

1. **The Commission Form of Municipal Government.**
   Ia. Wesleyan *vs.* Central and Simpson. Bibliog.
2. **The Direct Primary.**
   William Jewell *vs.* Drury College. Bibliog.
3. **The Minimum Wage.**
   Oklahoma Univ. Aff. *vs.* Missouri Univ.
   Freshman-Sophomore Debate, Ottawa Univ.
   Ottawa University Bibliography.
4. **Open Shop vs. Closed Shop.**
   Illinois Wesleyan *vs.* Iowa Wesleyan and Northwestern College. Bibliography.
5. **Parliamentary *vs.* Presidential Form of Gov't.**
   Morningside College *vs.* Upper Iowa Univ.
   Morningside Bibliography.
6. **Three-fourths Decision in Jury Trials.**
   William and Vashti *vs.* Monmouth. Bibliog.
7. **The Central Bank.**
   Affirmative—Ottawa Univ. *vs.* Coll. of Emporia.
   Negative—Denison Univ. *vs.* Ohio Wesleyan.
   Bibliography—Ottawa University.

Appendix I. List Intercoll. Debating Organizations.
Appendix II. Record of Schools Engaged in Forensic Contests, Coaches, Questions, Decisions, etc.
Appendix III. Table showing the number of Times Various Questions Have Been Debated in 1910-11.
Appendix IV. List of General References.
Index to this Volume.
General Index to Volumes I, II and III.

To Librarians

Intercollegiate Debates, Vols. I, II, III, are just the books which librarians need to put into the hands of the many who come for material on questions of the day. *See the lists above of all the questions discussed.*

Intercollegiate Debates, Vol. IV

EDITED BY EGBERT RAY NICHOLS

PROFESSOR PUBLIC SPEAKING, RIPON COLLEGE, WISCONSIN

CLOTH—$1.50 postpaid—OCTAVO

CONTENTS OF VOL. IV

Introduction (Division on *Strategy of Debate*).

1. **Cabinet Officers in Congress.**
   Princeton *vs.* Harvard and Yale.
2. **Recall of Judicial Decisions.**
   a. Ill. Wesleyan *vs.* Eureka Col. and Milliken Univ.
   b. Kansas Agricultural College *vs.* Colorado and Oklahoma Agricultural Colleges.
3. **Regulation *vs.* Dissolution of Trusts.**
   Colorado Univ. *vs.* Kansas and Oklahoma Univ.
4. **Federal Charter for Corporations.**
   Ripon College *vs.* Carlton College and S. Dakota Wesleyan University.
5. **Government Ownership of Railroads.**
   Ottawa Univ. *vs.* Kansas Wesleyan University.
6. **Industrial Accident Insurance.**
   Iowa Teachers' Col. *vs.* Morningside and Coe Col.
7. **Old Age Insurance.**
   Texas Univ. *vs.* Colorado and Missouri Univ.

Appendix I. List of Intercoll. Debating Organizations.
Appendix II. Record of Schools Engaged in Forensic Contests, Coaches, Questions, Decisions, etc.
Appendix III. Table showing the Results of Debating Contests during 1912-13.
Appendix IV. Specimen Debate Contracts and Agreements, etc.
Appendix V. List of General References on Debate.
Index to this Volume.
General Index to Vols. I, II, III and IV.

To Librarians

Intercollegiate Debates, Vols. I, II, III, IV, are just the books which librarians need to put into the hands of the many who come for material on questions of the day. *See the lists above of all the questions discussed.*

Intercollegiate Debates, Vol. V

EDITED BY EGBERT RAY NICHOLS

PROFESSOR PUBLIC SPEAKING, RIPON COLLEGE, WISCONSIN

CLOTH—$1.50 postpaid—OCTAVO

CONTENTS OF VOL. V

Introduction.

1. **Abandonment of the Monroe Doctrine.**
   a. Johns Hopkins Univ. *vs.* University of Virginia.
   b. Johns Hopkins Univ. *vs.* Univ. of N. Carolina.
2. **Federal Control of the Express Business.**
   a. Monmouth Col. Affirm. *vs.* Augustana College
   b. William Jewell Affirmative *vs.* Monmouth Col.
   c. Monmouth College *vs.* William Jewell College.
3. **Illiteracy Test for Restricting Immigration.**
   a. Pomona College Affirmative *vs.* Occidental Col.
   b. Pomona Col. Negative *vs.* Univ. of So. California.
4. **Independence for the Philippines.**
   a. Trinity Univ. Affirm. *vs.* Southwestern Univ.
   b. Trinity Univ. Negative *vs.* Texas Christian Univ.
5. **Unicameral Legislature for State Governments.**
   a. Kansas Univ. Affirm. *vs.* University of Colorado.
   b. Lawrence College Negative *vs.* Albion College.
6. **Injunctions in Labor Disputes.**
   a. Lawrence College Affirm. *vs.* Carroll College.
   b. Lawrence College Negative *vs.* Albion College.
7. **Six Year Term for the President of the United States.**
   a. Texas Univ. Affirm. *vs.* University of Arkansas.
   b. Texas Univ. Neg. *vs.* University of Louisiana.

Appendix I. List of Intercolleg. Debating Organizations.

Appendix II. Record of Institutions Engaged in Forensic Contests, Coaches, Questions, Decisions, etc. (Arranged by States).

Appendix III. Table Showing the Results of Debating Contests During 1913-14.

Appendix IV. Specimen Debate Contracts and Agreements.

Appendix V. List of General Reference on Debate 1913-14.

Index to this Volume.

General Index to Volumes I, II, III, IV and V.

To Librarians

Intercollegiate Debates, Vols. I, II, III, IV and V are just the books which librarians need to put into the hands of the many who come for material on questions of the day. ***See the lists above of all the questions discussed.***

Intercollegiate Debates, Vol. VI

EDITED BY EGBERT RAY NICHOLS

PROFESSOR PUBLIC SPEAKING, RIPON COLLEGE, WISCONSIN

CLOTH — $1.50 postpaid — OCTAVO

CONTENTS OF VOL. VI

Introduction.

1. **Government Ownership of Telegraph and Telephone Systems.**
   a. Ohio State University *vs.* Indiana University.
   b. Ohio State University *vs.* Indiana University.
2. **The Minimum Wage.**
   a. Friends University *vs.* Phillips University.
   b. Friends University *vs.* Fairmount College.

The Minimum Wage. II.

a. Univ. of Pennsylvania *vs.* Columbia Univ.

3. **The Single Tax.**
   a. Eureka College *vs.* James Milliken University.
   b. Eureka College *vs.* Illinois Wesleyan Univ.
4. **Government Ownership of Merchant Marine.**
   a. Univ. of So. California *vs.* Univ. of Redlands.
5. **Ship Subsidy.**
   a. Hillsdale College *vs.* Hope College.
6. **Compulsory Military Service.**
   a. Colorado Agricultural College *vs.* Kansas Agricultural College.
   b. Colorado Agricultural College *vs.* Oklahoma Agricultural and Mechanical College.
7. **Government Ownership of Interstate Railroads.**
   a. Carleton College *vs.* Gustavus Adolphus College.
   b. Hamline College *vs.* Carleton College.

Appendix I. List of Intercolleg. Debating Organizations.

Appendix II. Table showing the number of times various debate subjects were discussed in 1914-15, and the number of Affirmative and Negative decisions.

Appendix III. List of subjects debated in 1914-15 with institutions taking part in debates and kind of debate arrangement. Affirmative named first in single debates.

Index to this Volume.

General Index to Volumes I, II, III, IV, V and VI.

To Librarians

Intercollegiate Debates, Vols. I, II, III, IV, V and VI are just the books which librarians need to put into the hands of the many who come for material on questions of the day. ***See the lists above of all the questions discussed.***

Grady's Orations and Speeches

EDITED BY EDWIN DuBOIS SHURTER

ASSOCIATE PROFESSOR OF PUBLIC SPEAKING IN THE UNIV. OF TEXAS

CLOTH — $1.25 — OCTAVO

This volume contains the complete orations and speeches of Henry W. Grady, the gifted Southern orator, and includes the Temperance speech in defence of Prohibition in Atlanta which has not heretofore appeared in print except in a newspaper report, also his address on the "Solid South," given at the Augusta Exposition in Atlanta, November, 1887.

COMPLETE CONTENTS

PAGE

Introduction: Grady as an Orator 1

The New South 7
A speech delivered at the banquet of the New England Society, New York, December 21, 1886.

The South and Her Problems 23
An address at the Dallas, Texas, State Fair, October 26, 1887.

The "Solid South" 65
An address given at the Augusta Exposition, November, 1887.

A Plea for Prohibition 98
A speech made during the Prohibition Campaign in Atlanta, November 17, 1887.

Against Centralization 134
An oration delivered before the Literary Societies of the Univ. of Virginia, June 25, 1889.

The Farmer and the Cities 158
Speech at Elberton, Georgia, June, 1889.

The Race Problem in the South 192
A speech delivered at the annual banquet of the Boston Merchants' Association, Dec., 1889.

Plymouth Rock and Democracy 221
A speech delivered before the Bay State Club, Boston, in 1889.

PROS AND CONS

Price $1.50 postpaid

Both Sides of Live Questions Fully Discussed

This book has stood the test of years and is still in demand. Besides the debates written out in full it contains chapters on How to Organize a Society and Rules for Governing Debates, also a list of Two Hundred and Fifty Questions for Debate.

Some of the Questions Discussed are:

Should Cuba Be Annexed to the United States?

Resolved, That the United States Should Adopt Penny Postage.

Should the Government of the United States Own and Control the Railroads?

Resolved, That Woman Suffrage Should Be Adopted by an Amendment to the Constitution of the United States.

Resolved, That Tariff for Revenue Only is of Greater Benefit to the People of the United States than a Protective Tariff.

Resolved, That the Government of the United States Should Own and Control the Telephone and Telegraph Systems.

Is Immigration Detrimental to the United States?

Are Large Department Stores an Injury to the Country?

Should the President and Senate of the United States Be Elected by Direct Vote of the People?

Resolved, That Trusts and Monopolies are a Positive Injury to the People Financially.

Resolved, That Cities Should Own and Control All the Public Franchises Now Conferred Upon Corporations.

Speaking! Debating!

DECLAMATIONS, RECITATIONS, READING: DIALOGUES, DEBATES, PRIZE SPEAKING, ORATIONS, FOR ALL OCCASIONS

Cloth unless otherwise indicated

Acme Declamation Book (*some Dialogues*)..(paper 30c.) $0.50
Approved Selections (1 vol. for each Grade, 1 to 8)*..*each* .25
Best American Orations of To-Day (*Blackstone*)..... 1.25
College Girls' Three Minute Readings (*Davis*)..... 1.00
College Men's Three Minute Declamations (*Davis*)..... 1.00
Commencement Parts. (Orations, Essays; Class Day and "After Dinner" Efforts). *Efforts for all occasions* (*Davis*) 1.50
Famous Poems Explained (*Barbe*)..... 1.00
Great Poems Interpreted (*Barbe*)..... 1.25
Patriotic Poems Explained (*Murphy*)..... .65
The Patriotic Speaker (*Brownlee*)..... 1.25
Handy Pieces to Speak (*on separate cards*), Pry., Intermed., Advanced, (*contains some Dialogues*)..... .50
Humorous Speaker, The..... 1.25
Model Speaker, The (*Lawrence*)*..... 1.10
Modern American Speaker, The (*Shurter*)..... 1.25
Most Popular Selections (*Pearson's "The Speaker Series."*) Send for descriptive list. 32 nos. (pap. *ea.* 40c.) cloth, *ea.* .60
New Dialogues and Plays for Children, Ages 5 to 10, (pap.) .50
New Dialogues and Plays for Children, Ages 10 to 15, (pap.) .50
New Dialogues and Plays for Ages 15 to 25, (paper)..... .50
(The above three books *in one volume*).....cloth 1.50
Pieces for *Every* Occasion (*Le Row*)..... 1.25
Pieces That *Have Taken* Prizes in Speaking Contests (*Craig*) 1.25
New Pieces That *Will Take* Prizes " " (*Blackstone*) 1.25
Selected Readings from the Most Popular Novels (*Lewis*). 1.25
Southern Speaker, The (*Ross*)..... 1.00

Entertainments for Every Occasion..... 1.25
Both Sides of 100 Public Questions Briefly Debated.... 1.25
Pros and Cons: *Complete Debates* (*Craig*)..... 1.50
Intercollegiate Debates, *Vols.* I, II, III, IV, V, ...*each* 1.50
250 New Questions for Debates (paper)..... .15
How to Organize and Conduct a Meeting (*Henry*)..... .75
Handbook of Parl'y Usage: *Instantaneous Arbitrator* (*Howe*) .50
New Parliamentary Manual (*Palmer*)..... .75

How to Appreciate the Drama (*Marble*)..... 1.25
Well Planned Course in Reading, A (*Le Row*)*..... 1.00
Ten Weeks' Course in Elocution, A (*Coombs*)*..... 1.25
Essential Steps in Reading and Speaking (*Fox*)..... 1.50
Manual of Elocution and Reading (*Brooks*)*..... 1.10
New Science and Art of Elocution (*Fenno*)*..... 1.25
Extemporaneous Speaking (*Pearson and Hicks*)..... 1.25
The Power of Speech (*Lawrence*)*..... 1.25
How to Use the Voice in Reading and Speaking (*Ott*)* 1.25
How to Gesture. *Illustrated.* (*Ott*)*..... 1.00
How to Attract and Hold an Audience (*Esenwein*)*.... 1.00
Psychology of Public Speaking (*Scott*)*..... 1.25

Contents of any of the above books on request

The Speaker Series

The Speaker Series (32 vols.) paper, 40c.; cloth, 60c.

No. 1 Popular Short Stories
No. 2 Selections Chosen for Declamation Contests
No. 3 Selections for Children to Recite
No. 4 Cuttings from Stories
No. 5 Cuttings from Stories
No. 6 Ten Short Plays
No. 7 Readings, and Four Plays
No. 8 Briefs of Debates, and Readings
No. 9 Cuttings of Popular Stories
No. 10 Modern American Oratory
No. 11 Dramatic and Humorous Readings
No. 12 Centennial Number
No. 13 New Platform Selections
No. 14 Selections for Religious Occasions
No. 15 Encores: Nearly 200 Fresh, Bright Hits
No. 16 Popular Platform Readings
No. 17 Humorous and Dramatic Readings
No. 18 Monologues
No. 19 On Temperance
No. 20 For Declamation Contests
No. 21 After-dinner Speaking
No. 22 School and College Readings
No. 23 Selections for Entertainments
No. 24 Dramatic Selections
No. 25 Popular Prose and Poetry
No. 26 Readings from Great Authors
No. 27 Readings and Debates Not Found Elsewhere
No. 28 Classic Masterpieces
No. 29 Best Fiction for the Platform
No. 30 Humorous and Pathetic Readings
No. 31 Patriotic Selections
No. 32 Scenes from Plays for Platform Readings

THE ABOVE NUMBERS IN EIGHT BOUND VOLUMES, indexed by authors and titles:

Vol. I.	Including Nos. 1, 2, 3 and 4,	1 50
Vol. II.	Including Nos. 5, 6, 7 and 8,	1 50
Vol. III.	Including Nos. 9, 10, 11 and 12,	1 50
Vol. IV.	Including Nos. 13, 14, 15 and 16,	1 50
Vol. V.	Including Nos. 17, 18, 19, 20,	1 50
Vol. VI.	Including Nos. 21, 22, 23, 24,	1 50
Vol. VII.	Including Nos. 25, 26, 27, 28,	1 50
Vol. VIII.	Including Nos. 29, 30, 31, 32,	1 50

The numbers described in this folder are illustrative of the series. A complete Index arranged by authors and titles will be sent on request.

QUESTIONS DISCUSSED

IN

"THE SPEAKER SERIES"

PAPER, 40 cents — CLOTH, 60 cents

The figure after the title indicates number of "The Speaker" in which the debate may be found.

Abandonment of Protective Tariff	15
American Imperialism	13
Armed Intervention for the Collection of Debts	8
Commission System of Municipal Government	12
Conservation of National Resources	23
Direct Primary	21
Employers' Liability for Accidents	11
Federal and State Government	8
Federal Charter for Interstate Business	12
Fifteenth Amendment	13
Government by Injunction	13
Government Control of Monopolies	27
Greek-Letter Fraternities	27
Income Tax	19
Income Tax	11
Inheritance Tax	8
Initiative and Referendum	11
Initiative and Referendum	24
Intercollegiate Athletics	27
Municipal Ownership	8
Open Shop	8
Presidential System *vs.* Parliamentary System	14
Programs of Declamation and Oratorical Contests	8
Railroad Pooling	9
Recall of Judges	27
Reciprocity with Canada	9
Santo Domingo Treaty	8
Single Tax	28

Both Sides of 100 Public Questions Briefly Debated

BY

EDWIN DuBOIS SHURTER AND CARL CLEVELAND TAYLOR

OF THE UNIVERSITY OF TEXAS

CLOTH — $1.25 postpaid — OCTAVO

This volume is intended as a handbook for debaters and for all those interested in literary or debating societies. The one hundred questions for debate are all on present-day subjects and, for the most part, have been tried out by the authors in class work. Under each question are given the main lines of argument, affirmative and negative. These arguments are stated in distinct, concise propositions (usually four each) which cover the issues in the question and which, if proved, will establish the case on one side or the other, the detailed proof of each proposition being left to the individual debater to work out. The arguments on each side are followed by references, selected for the definite purpose of substantiating the proposition as stated.

The following are a few of the questions discussed:

Are Labor Organizations Beneficial?
Equal Suffrage
Retention of the Philippines
Government Ownership of Railroads
National Railway Arbitration Board
Employers' Liability for Accident
An International Arbitration Court
Abandonment of the Monroe Doctrine
Disarmament of Nations
Restriction of Foreign Immigration
The Annexation of Mexico
Federal Control of Natural Resources
Free Trade for the United States
Child Labor
Socialism and the Labor Problem
Maintenance of an Increased Navy
Commission Plan of City Government
Fortification of Panama Canal

How to Attract and Hold an Audience. Every student in college or school, every lawyer, every teacher, every clergyman, every man or woman occupying an official position, every citizen and every youth who is likely ever to have occasion in committee, or in public, to enlist the interest, to attract and hold the attention of one or more hearers, and *convince* them —every person who ever has to, or is likely to have to "speak" to one or more listeners will find in our new book a clear, concise, *complete* handbook which will enable him to *succeed!* **$1.00.**

Thorough, concise, methodical, replete with common sense, complete. In his logical method, in the crystal-like lucidity of his style, in his forceful, incisive, penetrating mastery of his subject, the author has at one bound placed himself on a plane with the very ablest teacher-authors of his day.

Fenno's Science and Art of Elocution. *Standard.* Probably the most successful of its kind. **$1.25.**

The Power of Speech, How to Acquire It. $1.25. A comprehensive system of vocal expression. Thorough and practical instruction in the use of the speaking voice, embracing deep breathing, articulation, modulation, emphasis and delivery; vocal coloring, interpretation of the written word, the conveying of thought by means of vocal expression, and the principles of oratory and dramatic art.

The Psychology of Public Speaking. A scientific treatment of the practical needs of the public speaker. A worth-while book. **$1.25.**

How to Use the Voice in Reading and Speaking. By Ed. Amherst Ott, head of the School of Oratory, Drake University. Suitable for class work. **$1.25.**

How to Gesture. E. A. Ott. New *illus.* edit. **$1.00.**

Constitution of U. S. In English, German and French. *Paper*, **25c.**; *cloth*, **50c.**

Constitution of U. S., with **Index** (Thorpe's *Pocket Edition*), **35c.**

Brief History of Civilization (Blackmar), **$1.25.**

The Changing Values of English Speech. $1.25.

The Worth of Words. (Bell). **$1.25.**

The Religion of Beauty. (Bell). **$1.25.**